

## State comptroller criticizes armed forces and Treasury

Jerusalem Post Staff

State comptroller's report to the Knesset, for publication today, is particularly heavy on the Israel Defence and the Treasury. According to sources, this year's is the most critical ever about the army.

The comptroller reports that many stores are not being kept up to date and that, in the installations visited, his inspectors found tremendous waste and indications of theft amounting to millions of pounds. The comptroller also reports on flights by Air Force pilots to their homes made out of regular service, and on direct contravention of established practice and instructions.

The comptroller also scored the central supply depot for poor handling of personnel and army.

In a review of the Treasury's activities, the comptroller gives a first review of the results of the income tax reform. Some of the self-employed and those who have files in the State Administration avoided the opportunity to revise income tax returns. Those who filed revised returns declared a total of IL55m. — an increase of 14 per cent over the 1976 declared income. Of those taxpayers who are obliged to keep books had done so, and the tax



Dr. Yitzhak Nebenzahl

### State comptroller's report on government

As a public service and to promote the State Comptroller's reform efforts, *The Jerusalem Post* will, in addition to today's extensive display (pages 8 and 9), publish daily, during the next fortnight, additional reports on the comptroller's critique of the various government departments.

authorities have not been able to cope with the backlog.

As in the past, the comptroller criticizes the Treasury for unauthorized expenditures on a sizable scale. This year, however, the comptroller points out that although the Treasury already knew when it presented its original budget to the Knesset, that the reserves were inadequate to cover existing commitments, and that other additional

expenditures would have to be made — it went ahead and submitted an unrealistic budget.

The comptroller also points to the increasing scale of extra-budgetary operations and to the steadily mounting obligations undertaken by the system of insuring linkage differentials. As a result, the comptroller notes, the Treasury commits future budget expenditure to an unspecified amount, while neither the lending operations involved, nor their linkage differentials that will have to be paid for in the years to come, are subject to parliamentary control.

The comptroller also criticizes the evasion of planned staff reductions in the government service. Not only were there no cutbacks, but the effective number of government officials rose by contracting services from private agencies.

Many of the criticisms in various areas of the Treasury's activities reveal the growing dominance of the commercial banks throughout the economy. The comptroller shows that, in the capital market, the share of direct government borrowing has declined substantially, while more savings are mobilized by the banks and the Treasury continues to underwrite the bank's profit margins as well as the linkage differentials.

The comptroller points to the rapidly mounting public debt which, by the end of March 1976, had reached IL126 billion, of which IL85b. was internal debt. Fully 32 per cent of the increase in the public debt — IL13b. out of a total rise of IL13b. in fiscal 1976 — represented the purely nominal increase due to price inflation. The report notes that the Treasury has inadequate information on the debt owed it and on that which it owes.

(Saving on report — page 2)

## Marine strike back to square one; officers await Histadrut reaction

By YA'ACOV FRIEDLER  
Jerusalem Post Reporter

The merchant marine officers' strike goes fourth week this morning, with the two sides still locked as ever. Last night the officers were told that the Histadrut's reaction to their new, tough ending the strike, sent to the Labour Ministry yesterday afternoon.

The officers, which would return the bitter conflict, were worked out in two days of discussion by the 16-man council of the Marine Officers' Union.

Proposals, which include immediate payment of a 10 per cent wage increase, were not received with enthusiasm by Zim manager Yehuda Rotem last night. He felt that the proposals would immediately reopen the vicious demands from the Ratings Union, and further demands from the officers.

He stressed that the shipping companies consider the officers' demands as a threat to the Histadrut proposals, made on the ending the strike. He said the proposals are only possible way out, now that the officers have accepted the situation by their attitude.

The officers' Union, in its new proposals formally accepted the acceptance of Histadrut authority and to end the strike immediately, if the differences were paid. They would also start negotiations for a new labour contract, but

made another condition, that their reduced income tax rates not be subject for discussion.

In view of the deadlock, some observers now fear that the strike may rage on, causing irreparable damage to the merchant marine and the economy.

Rotem who described the situation as "a tragedy," said that even if the strike ended forthwith, it would be doubtful whether the merchant marine could be fully rehabilitated. He noted that too much damage has already been wrought, both in direct damage to the companies (topping IL30m. for Zim and El Yam alone) and in long-term harm to the credibility of the Israel fleet's ability to deliver the goods.

Rotem said that if the officers did not come to their senses, the companies would be forced to take drastic steps to avoid financial ruin. They could not carry on mending their ships without any income. They had refrained from such steps as long as the talks with the officers continued, "though they were frequently a dialogue of the deaf." He noted that Zim was now discussing final price details with a foreign buyer for two of its older ships.

As to the argument that "the merchant fleet cannot be sold off," it was noted by observers that the same had been said of the passenger fleet, which has in fact been abolished.

The head of the Histadrut's Trade Union Department, Uriel Abrahamson, said yesterday that the Histadrut would also be forced to "take far-reaching steps" if the officers did not immediately end their strike.

## Guns silent after 80 die in Beirut

BEIRUT (AP). — A cease-fire took effect before dawn yesterday in a southern slum section of Beirut after three days of house-to-house fighting between Syrian soldiers and Palestinian hard-line terrorists.

Palestinian sources said more than 80 persons were killed. Many apparently were noncombatants caught in crossfires.

The clashes were the most severe since the Syrian-dominated Arab League peace-keeping force ended Lebanon's civil war last November.

They involved Syrian troops, who launched a search-and-kill operation against radical Palestinian terrorists and their leftist Lebanese allies after two Syrian soldiers were slain on Friday night.

The fighting spread on Monday to include the mainstream Palestine Liberation Organization (PLO) and Syrian-controlled 'Sa'eka Palestinians on opposite sides.

There were explosions and machinegun fire in the Moslem neighbourhoods bordering the two main Palestinian refugee camps near Beirut's airport before the cease-fire was arranged. The Syrians had brought in tanks to back their infantrymen, who went from house to house in search of radical terrorists and heavy weapons.

A communique from the command of PLO chieftain Yasser Arafat blamed the fighting on "unruly elements that managed to start trouble in areas close to refugee camps."

It said PLO forces "deployed in hot spots and silenced all sources of fire." The communique appealed "to all parties concerned to exercise restraint so that the cease-fire will hold."

## Sale of arms to Israel sent to U.S. Congress

WASHINGTON (AP). — The Pentagon on Monday notified the House and Senate of its proposed sale of arms to Israel, Jordan, Saudi Arabia and South Korea, totalling \$438m.

The proposal is the largest total yet cleared by the Carter Administration, which is reviewing U.S. arms sales policies. The deals were negotiated under the Ford Administration.

Included for Israel are 120 M-60 tanks and 80 Howitzers, plus spare parts, for \$140.3m.

The proposed arm sales also include helping Jordan prepare for improving its anti-aircraft defences, \$64m.; \$151m. in construction of housing and a power plant at military bases in Saudi Arabia; and 204 improved Hawk anti-aircraft missiles for South Korea, \$82.7m.

The Pentagon did not publicly link the current visit of Jordan's King Hussein to its announcement of plans to provide Jordan with technical help and training for installation and operation of improved Hawk missiles.

### Shots at army patrol

An army patrol near Metulla was attacked by small arms fire directed from across the Lebanese border early yesterday morning, the army spokesman announced. There were no casualties. The patrol returned the fire.

### War risk insurance rates cancelled

JERUSALEM. — The Special Committee for War Risks, which has its headquarters in London, has informed the Insurance Association here that Israel has been removed from the list of countries where higher insurance rates are applicable. Henceforth, the premiums on shipments by sea will be 0.0375 per cent of the cargo's value; air freight, 0.025 per cent, and shipment by mail, 0.05 per cent.

## After talks with Hussein Carter softens stance on Geneva conference

By WOLF BLITZER  
Jerusalem Post Correspondent

WASHINGTON. — President Jimmy Carter wound up talks yesterday with Jordan's King Hussein, suggesting that it would be best not to reconvene the Geneva Middle East peace conference unless "we see a strong possibility for substantial achievements."

Walking Hussein to his limousine following their third and final working session, Carter introduced this pessimistic note about the Geneva conference, which, until now, he has repeatedly insisted be reconvened during the latter half of this year.

The President's candid remarks, his first indicating that Geneva might not be reconvened as originally scheduled, indicated to diplomatic observers here that he might slowly be coming around to the view held by leading Israeli officials that the step-by-step diplomatic approach might be more appropriate given the outstanding differences between Israel

and the Arab states. Carter referred to these differences, telling reporters: "So far, I've been encouraged, although I think it would be a mistake to expect too much. The differences are very wide, long-standing and deep." Answering reporters' questions, the President said that "all the leaders seem to agree the more agreement that we can reach before going to Geneva, the less argument there's going to be about the form of the Palestinian representation."

"And I think unless we see some strong possibility for substantial achievements before the Geneva conference can be convened, unless we see that prospect there, I think it would be better not to have a Geneva conference at all."

He said that his talks with Hussein, (Continued on page 2, col. 6)



Aluf Rafael Vardi (left), head of the army manpower division, listens attentively as the director of the Shekman meat-processing plant explains how meat and sausage products are made. Vardi toured army food-processing facilities yesterday. (IPPA)

## No cuts in reserve duty as IDF strength grows

Post Military Correspondent

Military service will not be cut next year, and there will be no increase in the number of days — 35 for soldiers and 45 for officers — the average reservist will be required to serve. This was told to military correspondents in Tel Aviv yesterday by the OC operations, Aluf Yekutiel Adam.

Adam, who was presenting the IDF's workplan for the coming year, said that last year more than 40,000 men were retrained and returned to active duty. Some 90 per cent of reservists were called up for an average of 10 to 45 days, indicating that the defence burden was spread evenly throughout the population.

He expressed disappointment, however, that there were still too few volunteers for the standing army, and said that as a result much IDF work was being allocated to private enterprise.

In an attempt to solve the shortage of technical manpower, almost all new graduates of vocational high schools would be channelled into technical jobs in the army. Last year only 20 per cent were sent to field units. Only volunteers for special units — such as pilots and frogmen — would be exempt.

Israel would continue to invest heavily to increase the size of its forces next year, he reported, and said that hundreds of new tanks and dozens of new aircraft would be purchased and absorbed. He noted that the IDF had achieved a high capability in returning "scrap" to active service. He reported that recently 20 tanks which had been set up as monuments at various bases had been returned to service.

While the defence budget had increased from IL3.2 billion last year to over IL4b. this year, this in fact constituted a reduction in real terms, due to a 25.5 per cent overall rise in prices.

He said that each day the armed forces consumed IL6m. in fuel; IL2.3m. in food. Each reserve day cost the state IL46 per man called up. It cost IL16,000 per year for each soldier in compulsory service, and IL80,000 for each soldier in the permanent army.

He added that training and manoeuvres would be kept at the same level as last year, but there is a tendency to try to hold as many training programmes inside bases as possible, to cut down on expenses. He noted that the price of a single 7.62mm. rifle or machinegun bullet is IL2, and a shell for a 170mm. artillery piece costs IL7,000. A tank shell costs IL3,400, and a TOW anti-tank missile \$6,000.

An M-60 battle tank runs into the region of \$700,000, and a missile boat goes for IL21m. The price tag for an F-15 combat plane is over \$26m., and the Kfir IL62m.

Despite these costs, however, Adam said that the IDF would increase considerably in size and quality over the next year. "In order to be able to meet any challenge on any front in the foreseeable future."

## Carter asks Jewish lobby for 'harmony'

Jerusalem Post Correspondent

WASHINGTON. — President Jimmy Carter has expressed hope that his administration and the American Jewish community will work together "actively and harmoniously" in the search for peace in the Middle East.

In a message to the annual policy conference of the American Israel Public Affairs Committee (AIPAC), which lobbies in Congress on behalf of legislation affecting Israel, the president said: "If our efforts are to succeed, they will require the wholehearted support of all our citizens and, in particular, of Americans like you for whom peace in the Middle East is such a special priority. Your committee is a powerful force in the shaping of public opinion in our country. I look forward to working actively and harmoniously with you as we seek the road to peace during the difficult, but promising, months ahead."

Carter also reiterated in the message that "I will be devoting much of my personal energies over the next year to assisting Israel and her Arab neighbours in their efforts to overcome the barriers that still separate them and to bring to an end the deadly cycle of violence that has plagued the region for so long." He noted, "We all share the goal of a safe and secure Israel in a peaceful Middle East."

The president's message to AIPAC was read to the more than 500 delegates from around the country, just before a forceful speech by Prof. Shlomo Avineri, director-general of the Israel Foreign Ministry, outlining Israel's views on the Palestinian question.

### Hussein bars Israeli press

Jerusalem Post Correspondent

WASHINGTON. — Four Israeli correspondents here were barred last night from attending King Hussein's press conference at Blar House, the official residence for U.S.-invited guests.

A State Department official present explained that the press conference was by invitation only and that Jordan was responsible for the invitations. He said that the U.S. Government "does not promote such discrimination and, indeed, where we are asked, we remind them of our feelings regarding freedom of the press."

The Israel correspondents, all accredited to the White House and the State Department, were admitted by Egypt to President Sadat's press conference here earlier this month.

## Jerusalem Book Fair opens today

By AARON SEITNER  
Jerusalem Post Reporter

Jerusalem's "History of the Synagogue of America, 1813-1913" or the nude cover "Out of the Man of the World," a biography of Cardinal Newman two-volume "Jewish and Law" by Prof. Boaz Cohen — I find it among the scores of titles of books on display at the Jerusalem International Book Bazaar, Ha'ozma.

With about a thousand extra titles, 1,018 publishers in 43 countries are shaping up as the literary event since the 19th International Book Fair in 1963. It will be open to the public and tomorrow, from 8 a.m. to 10 a.m. to 8 p.m. on Saturday, from 7:30 p.m. to 11 p.m. on Sunday, from 10 a.m. to 11 p.m. on Monday, from 10 a.m. to 6 p.m. on Tuesday.

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### Prize to Octavio Paz

The Jerusalem International book fair was formally opened last night in the presence of President Ephraim Katz and an audience of 3,000. On the occasion, the Jerusalem Prize for 1977 was presented by Mayor Teddy Kollek to Mexican poet and essayist Octavio Paz.

In accepting the award, for writers who express the idea of the freedom of the individual in society, Paz said: "Without freedom, there is no literature; and without literature, freedom has no meaning."

The recognition of Jerusalem into one city represented a moment of exultation, he said. Dividing it again would cost both the Arab and Jewish populations dear.

caterers and an attended children's library will be available for visitors, who may spend all the time they wish in the corridors and halls of the exhibition after paying their IL5 admission fee. The price for children is IL3.

Among the new exhibitors is East Jerusalem's Franciscan Printing Press, a publishing house specializing in Catholic missals in Arabic.

Another new pavilion is that of the Antiquarian Booksellers Association of Great Britain, nine of whose members are showing books so rare that special security precautions are

being taken to keep visitors at more than arm's distance from the display.

A few metres away and almost back-to-back with a religious book publisher is Jerusalem's widest array of nudist albums, periodicals and calendars, as well as shelves laden with paperback books whose covers promise sexy or pornographic material inside.

Admirers of Swiss-published books will be disappointed since the main consignment of exhibition volumes from that country is tied up in Haifa Port by the marine officers' strike.

One of the most imposing books at the fair is "The Aleppo Codex" published by the Magnes Press of Jerusalem. The facsimile edition of the oldest-known manuscript of the complete Hebrew Bible is priced at \$445. The codex, edited by Prof. Moshe Goshen-Gottstein, was written more than a thousand years ago and rescued during the 1948 outbreak of violence against the Syrian Jewish community.

The 1948 violence in Jerusalem's Old City is recorded in words and pictures in "A Will to Survive" by John Phillips, whose striking photos of the fall of the Jewish Quarter were recently displayed at the Israel Museum. Published by Dial Press/John Wade of New York, the book is one of thousands from American publishers.

In the balcony, city librarian Rahel Cohen and staff will welcome children with stories, slide shows and book browsing.

### Histadrut, General Federation of Labour in Israel extends a hearty welcome

to the Histadrut delegation from Toronto, Canada,

comprising 70 Leaders and Friends of the Jewish Community in Toronto, which arrived in Israel on April 26th. The delegation will participate in the official opening of three new Medical Centers dedicated in honour of Mr. and Mrs. Benjamin Himel, Mr. and Mrs. Joseph Betel and Mr. Samuel Rapp, and dedications of the Rose and Sam Winograd Kindergratien in Moshav Eshtaoel, a project of the Jewish Community of Windsor, Ontario, and the Pharmacy in the Medical Center in Yavne Holot, sponsored by the Stoppitzer Society of Toronto.

## Physicists excited over 'quark'

WASHINGTON. — Three scientists at Stanford University are expected to announce this week that they have apparently found the elusive "quark" — the long-sought particle from which most of nature is believed to be built.

The discovery — if verified — could end the centuries-old search for matter's smallest component. Although it may have no practical application to the average person, it would revolutionize physics and man's concept of nature.

Dr. William M. Fairbank, Dr. Arthur F. Hebard and graduate student George S. Larue are to detail their findings at the annual meeting of the American Physical Society here.

The scientists say that in their measurements of charges on particles that make up atoms, they found some partial, or fractional, charges. The development has physicists excited because partial charges haven't been measured before and quarks are supposed to have them.

The quark is named after a generally unintelligible sentence in James Joyce's novel "Finnigan's Wake."

For years, basic science textbooks taught that atoms were made of protons with positive charges, electrons with negative charges and neutrons with no charge.

Within the last 20 years, it became obvious that these particles were themselves complex and possibly made up of something smaller. But after years of atom-smashing and other experiments, the quark has defied detection.

The work done at Stanford with National Science Foundation funds has physicists perking up because, if fractional charges exist, then so might quarks.

"This discovery is tentative, I think," Fairbank said in a statement. "We have two cases where we have been unable to account for a charge of one-third unit by any spurious forces, and we are unable to explain it by any other means but by saying it really is a fractional charge." (AP, Reuter)

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THE WEATHER

Forecast: Partly cloudy to cloudy with probable scattered showers.

	Yesterday's	Yesterday's	Today's
	Humidity	Min-Max	Max
Jerusalem	34	6-22	19
Golan	36	6-21	18
Nahariya	48	8-26	21
Safed	41	7-18	18
Haifa Port	28	13-26	21
Tiberias	40	10-26	23
Nazareth	35	11-24	20
Afula	32	8-26	23
Shomron	29	12-23	18
Tel Aviv	46	12-26	21
B-C Airport	42	9-27	24
Jericho	30	10-31	37
Gaza	64	14-27	33
Beersheba	19	10-37	24
Eilat	19	16-22	23
Tiran Straits	21	20-30	26

SOCIAL & PERSONAL

The President, Prof. Ephraim Katzir, was yesterday given the freedom of Holon. He toured the town and talked with high school pupils.

Werner Braun, photographer, will speak on his recent visit to Russia at the weekly meeting of the Jerusalem Rotary Club at the YMCA at 1 o'clock today.

Rabbi Bernard Hoch, director of the Haifa Hillel Foundation, will speak, in English, on Jewish-Arab student relations at today's meeting of the Haifa Rotary Club, 10 Hotel, 1 o'clock.

ARRIVALS

Mr. and Mrs. Leslie Porter, Mr. and Mrs. John Porter and Lady Cohn from England, for the dedication of the Porter Israel Institute for politics and semantics during the ninth annual meeting of the Board of Governors of Tel Aviv University.

DEPARTURES

Nazi hunter Beate Klarsfeld, after a private visit during which she participated in Holocaust Day ceremonies.

# Knesset committee tells army, TV to talk it over

By JUDY SIEGEL  
Jerusalem Post Reporter

The tempest-in-a-teacup over censorship that began eight days ago between the IDF and the Broadcasting Authority continued to heat up yesterday despite an attempt by the Knesset Education Committee to bring the feuding sides together.

Committee chairman Abraham Katz had invited Chief of Staff Mordechai Gur and officials of the authority to a special session to iron out the dispute, which began last Tuesday with a walkout by Gur before the taping of an Independence Day Eve interview. The Chief of Staff had refused to appear because TV news director Dan Shilon would not allow pre-censorship of the interview by Defence Minister Shimon Peres. Gur also ordered the cancellation of a live TV broadcast of an entertainment event from an army base in the Golan.

Accompanied by an entourage of a dozen soldiers, Gur told Katz that he would not appear before the committee along with authority representatives. Leaving his assistants and the five top authority officials in the corridors, Gur repeated a position already announced by IDF spokesman Tat-Aluf Yael Ben-Porat that it has been long-standing policy that interviews with the chief of staff be reviewed before broadcast by the defence minister.

The entertainment show from the Golan was cancelled, he said, because the IDF had lost its faith in the authority over the incident. The TV officials — authority chairman Walter Eytan, TV director Arnon Zuckerman, assistant to the chairman Haim Shur, news director Shilon and spokesman Moshe Amirav — who had been cooling their heels in the Knesset corridors for nearly an hour then told the committee (after Gur had left) that the matter was one of principle. TV must preserve its autonomy, said Shilon, and could not allow any political official to censor its broadcasts.

Most of the committee members supported Gur's decision to walk out of the taping; but most opposed his order to cancel the entertainment show. Two MKs, however, lambasted the committee chairman for convening the session, arguing that it would just turn into a political debate.

In an official release, the committee expressed its "sorrow" over the cancellation of the two shows and asked both parties to reach an agreement on censorship practices. Meanwhile, authority spokesman Amirav said the TV is "ready tomorrow" to sit with IDF representatives to solve the dispute.

IDF spokesman Ben-Porat, however, told The Jerusalem Post that he is waiting until a decision is made by the Press Council, which has been sent a 22-page complaint against the authority by the chief of staff.

Amirav countered that the authority is not a member of the Press Council, and that it wants direct talks with the IDF to work out a solution.

A new rift, meanwhile, arose from the old one. Galiel Zahal director Mordechai Naor postponed a live broadcast scheduled for last night in which listeners were to have asked TV director Zuckerman and Hebrew programmes director Mordechai Kirschbaum questions about TV.

Despite reports yesterday that Naor had been asked to postpone it by his superior (the IDF education officer), Naor told The Post he had made the decision on his own. "It was to be a live broadcast; and since the matter is so sensitive, I preferred that the dispute between TV and the IDF not be raised on the air."

Authority chairman Eytan, following a phone conversation with Naor, released to the press the contents of a letter he sent to Naor, in which he pointed out that civilian programmes on Galiel Zahal are under the aegis of the authority's board of directors. "The board did not give you permission to cancel the participation of Zuckerman in the programme," he wrote.

Naor told The Post that he was "greatly disturbed" to hear of the contents of the letter from reporters. Since he had not yet received it, he asserted that he has never had to turn to the board of directors for permission to cancel a Galiel Zahal show.

**JAFFA MACCABI** yesterday beat Netanya Maccabi 3-1 in a friendly soccer match inaugurating the Jaffa club's stadium. Scorers were Lavie for Netanya in the ninth minute; and, for Jaffa, Aroutte, 49th, Leon, 55th, and Blum, 70th.



THE DUKE of Devonshire signs autographs at yesterday's opening at the Israel Museum of a display of 51 drawings from his Chatsworth Collection of Old Masters. British Ambassador John Manton addressed the opening ceremony, with the duke and mayor Teddy Kollek. The exhibition, including drawings by Rembrandt, Holbein, da Vinci and Raphael, will remain open for three months. (Yisraeli)

## Prostitutes should not be persecuted, law should be eased, c'ttee recommends

By HAIM SHAPIRO  
Jerusalem Post Reporter

Prostitution should be discouraged, not an adult who wishes to follow this calling should be allowed to do so discreetly and without persecution.

This was the essence of the report submitted yesterday by the committee to study the problem, headed by Tel Aviv District Court Judge Kadasha Ben-Dio.

Among its recommendations to the Justice Minister, who appointed the

committee two years ago, were suggestions that the law be amended to permit individual prostitutes to work in flats or hotel rooms. The committee would also allow modest advertisements and soliciting in bars, coffee shops and nightclubs — if the owner agreed.

On the other hand, it suggested increasing the punishment for pimping and those who trap girls into prostitution.

However, the report noted that most prostitutes joined the profession of their own free will.

The committee also found that prostitutes made far more money than they could in any other calling. Streetwalkers make IL50 to IL70 per cent, with an average of 15 to 20 meetings a night. Those in hotels receive IL150 to IL200 from each of two or three customers a night; and some call girls make up to IL10,000 a month, from 10 to 15 meetings.

The report noted that, in a random sample, some 40 per cent of the prostitutes examined were suffering from, or had suffered from venereal disease. To counter this danger, the committee recommended easily accessible, free, anonymous clinics for treatment of V.D.

## Favourable terms for next F-15s

Post Military Correspondent

A highly placed defence source confirmed yesterday that the army is negotiating the purchase of 25 more F-15 air superiority fighters from the U.S. The report of the pending deal was first carried by The Jerusalem Post.

There were continued reports from Washington yesterday that McDonnell Douglas, the manufacturer of the plane, was offering extremely attractive terms of payment for the additional 25 aircraft.

## Peres pounds political pavements

By ABRAHAM RABINOVICH  
Jerusalem Post Reporter

"Does your wife have a bank account in New York?" the Katamon youth asked Shimon Peres yesterday. "No, in Katamon," said the acting spokesman.

Peres was making his first campaign appearance in Jerusalem since assuming the mantle of Labour Party leadership. He found the residents friendly but not particularly awed.

Peres spent two hours visiting apartments in some of the most densely populated neighbourhoods in the city — neighbourhoods where Labour is weak. He went, not to meet the man in the street, but to meet local party workers.

"Our object is to give a push to our party activists," said Uzi Baram,

party secretary in Jerusalem. "He'll meet the people when he tours the city centre in another 10 days."

Eleven times Peres was led into apartments crowded with local supporters, sometimes after a climb of three or four storeys. Eleven times he sat at the head of a table laden with drink and cakes. Eleven times he expressed his aspirations for a strong and proud country and for a flourishing Jerusalem. Eleven times he raised a glass of soft drink and toasted "lehayyim."

Flanking him were the party's two biggest guns in Jerusalem — Mayor Teddy Kollek and Knesset Member Yitzhak Navon, whose popularity, the party hoped, would help Peres. Also present was Deputy Mayor Zvi Rosen, a stalwart of the Rumanian community which is well represented in the Kiryat Yovel, Kiryat Ganim and Kiryat Menachem quarters, where the Peres party visited after Katamon.

Peres encountered the general public, congregated at the building entrances, as he made his way in to meet the party faithful. He took the opportunity to plunge into the crowd and press every hand available.

It was in such a way that he encountered the Katamon youth who asked about the bank account in a manner that was more good-natured than cheeky.

"It's all to get elected," said another young man, watching the flood of politicians passing by. "No harm done."

A truck driver watching the scene from his parked vehicle said, to no one in particular, "American style, eh?"

In the evening, Peres, meeting with party workers from all parts of the city in Mitchell Hall, said he favoured a 10 per cent growth rate for Jerusalem. (Since the Six Day War, the city has grown at an annual rate of something under 4 per cent.) He said he would make ally to Jerusalem a major theme as prime minister. The city, he said, had meaning to Jews whether they lived in Marrakesh or San Francisco.

## Banks benefit most: Weizman

Jerusalem Post Reporter

Of all the twisted mechanisms in our twisted economy, foreign currency controls are the most twisted, so twisted that even leaders of the state have come a cropper because of them. Ezra Weizman, Likud campaign manager and No. 3 on its list, told the Jerusalem Economics Club yesterday.

Most of his address to the businessmen's luncheon at the President Hotel was devoted to economic questions. He castigated the socialist regime for having benefited bankers more than any other sector. He cited the example of his own company, Cyclone, at Carmiel, which is owed ILam, by the government.

"I have to pay more than 40 per cent annual interest to make up this sum for my running costs. If the government paid its debt, I could use this interest money to raise the pay of my workers, instead of enriching the banks."

The former OC Air Force declared it was hypocritical of the Labour Party to declare itself in favour of territorial compromise while holding on to the Jordan River line and the Elzion Bloc. "The Arabs of Judea and Samaria would be better off living within Israel as the Arabs of Galilee do, than in enclaves surrounded by Israel." As to demographic fears, Weizman declared the problem is not how many Arabs live in Israel, but how many Jews live in Israel.

## Tourist killed in a car accident

A South African tourist was killed yesterday and his wife seriously injured in an accident on a steep road in the village of A-Tur east of Jerusalem. Richard Fisher was killed when he lost control of his car while going down the steep road in the village. He swerved to miss a truck and was then hit by an oncoming bus.

## Carter's Geneva stand

(Continued from page one)

which have centred on the question of Palestinian representation at the Geneva conference, had gone "just fine — one of the most productive and enjoyable visits we've had." He added that he has found "a strong desire among all the leaders I've met so far to marshal an extraordinary effort" for peace.

Carter spoke here as it was confirmed by informed sources that Israeli Foreign Minister Yigal Allon will be meeting with Secretary of State Vance in London next month — following the talks in Geneva between Carter and Syrian President Assad — to continue discussions on how to reconvene the Geneva conference this year.

Israeli officials have long been skeptical about the prospects of reconvening Geneva without proper advance preparation.

Carter's apparent change in attitude about Geneva seems also to have been influenced somewhat by influential State Department officials, who have long recommended to the President that the U.S. retain both options for as long as possible — Geneva as well as step-by-step negotiations. These State Department officials, experienced in Middle East diplomacy, have recognized the dangers of going to Geneva in search of an overall settlement unprepared.

But National Security Adviser Zbigniew Brzezinski and other U.S. officials have been urging the President to push for a comprehensive settlement at Geneva this year, along the lines of the December 1978, Brookings Institution study on the Middle East.

Sources here speculated that the President has been slowly shifting his view on Geneva as he learns of the enormous difficulties involved. During the past few days, there have been several press reports from American reporters in Israel highlighting Israel's fear of a drift in U.S. Middle East policy away from the Israeli position, especially as it concerns final borders and Palestinians.

Yesterday, similar Jerusalem-dated dispatches were published in "The Washington Post" and "The New York Times" noting Israel's concern about Carter's emerging positions. Sources here speculated that these reports may be affecting the President's perception of the Middle East conflict because he does not want to appear as "anti-Israeli."

Late last night, Hussein told reporters that he still supports his idea, proposed a few years ago, of a

federation between the West and Jordan. He said this was possible, but he insisted that Palestinians living in the West and Gaza Strip have a determination in deciding future.

He rejected the proposal of a Palestinian "homeland" established on the east bank of the Jordan. He said the question of Palestinian participation at the Geneva conference was a "side issue," the for problem remaining in refusal to agree to withdraw from the occupied territories, including East Jerusalem.

At one point, he seemed to suggest that the PLO and Israel reach each other simultaneously, that it would be "unfair to expect PLO to take that step before rights of the Palestinians have affirmed."

On Monday evening, Carter Hussein met for more than one hour privately, upstairs at the House, following a working day. Yesterday morning, they continued their talks for another 70 minutes in the cabinet room.

During a briefing yesterday, reporters, White House spokesman Jody Powell said that American "ultimate" goal has always been to reach an overall settlement. He acknowledged that the earlier statement on going to Geneva prepared must have been "silly."

Powell said that the Administration has believed that this was a year for an overall settlement because of a rare coincidence of circumstances, which indicated a prospect for success. He said it seems to be a mutual desire for peace on both sides, and expressed the hope that the same might not be next year.

At one point during the briefing, Israeli reporter asked a spokesman about the U.S. position regarding sovereignty over the Golan Heights. Powell, who was in the White House last week, said that the U.S. position was that the Golan Heights should not be used as a bargaining chip.

Hussein has maintained the PLO conference decision to proclaim October 1974, Rabat Arab summit conference decision to proclaim the PLO the representative of the Arab Palestinians removed from sovereignty over the territory. A State Department official complained to the Israeli representative about trying to "embarrass" White House spokesman with a question.



Defence Minister Shimon Peres, the Alignment candidate for the premiership, on a hand-shaking tour of Jerusalem's Katamonim yesterday. (Rahamim Yisraeli)

## Comptroller saved IL30,000 by using smaller type face

By JUDY SIEGEL  
Jerusalem Post Reporter

The state comptroller's 27th annual report being made public today is a half-inch narrower than its predecessor, with 916 pages compared to 1,200.

But the new, violet-and-black-covered volume, though shorter than that of 1976, is not necessarily sweeter. It, too, is replete with reports of misdeeds, waste, ineptitude and misdealings in the governmental and public bodies under scrutiny.

The state comptroller's office decided to have the heavy tome printed in smaller "eight-point" type (instead of "10-point"), as an example of frugality to all. Printing fewer pages, according to the office, saved the state about IL30,000.

About 400 civil servants — the professional staff of the state comptroller's office — are dispersed

among the various bodies coming under the comptroller's purview: all ministries, government institutions and corporations, as well as those supported by the government.

Comptroller Yitzhak Nebenzahl noted in the preface to his report that this is the first time it is being published during a pre-election period. Since the Knesset is not in session, a special arrangement was made for each Knesset member to receive a copy of the volume at home.

State control and regular publication of the report "are among the foundations of our public life," Dr. Nebenzahl noted. The aim is an effective, economical and efficient administration that is based on law and in keeping with morality. Less damage results from the revelation of shortcomings than from allowing them to continue, the state comptroller maintained.

## Rabin spending vacation quietly

Jerusalem Post Reporter

Premier Yitzhak Rabin is spending his vacation quietly, playing tennis, reading and entertaining friends at his home near Tel Aviv. His press aide, Dan Patfir, said the premier intended to tour around the country too, but had not yet decided whether to agree to Labour Party organizers' requests that he take part in the election campaign.

Rabin is 20th on the Alignment list. Rabin is so far refusing local and foreign newsmen's requests for interviews.

His bureau staff, now working mainly at the premier's Tel Aviv office, is keeping him constantly abreast of important government business and defence developments. (Rabin still bears full constitutional responsibility for the premiership.)

## Ir Ovot alleges paratroop threat

By SHEILA MELTZER  
Jerusalem Post Reporter

EILAT. — Simha Pearlmuter, leader of the "messianic" Arava moshav Ir Ovot, claimed yesterday that the army has again threatened forcibly to evict a number of families from their dwellings. This follows a denial by military sources on Monday that eviction orders had been issued.

According to Pearlmuter, the local area commander told him, after Pearlmuter had proposed discussing the situation, that if the 10 families did not leave the two buildings in question by May 8, he would bring in a company of paratroopers to do the job.

The buildings, formerly dilapidated army huts, were handed over to the desert settlers in 1973 by the then-southern area commander, Aluf Ariel Sharon, Pearlmuter told The Jerusalem Post.

Military sources were quoted yesterday as having said the army now requires the two buildings which it had allowed the moshav members to occupy. They said they had asked Pearlmuter to find some solution to his followers' housing situation, but denied serving eviction notices.

## Tourist killed in a car accident

A South African tourist was killed yesterday and his wife seriously injured in an accident on a steep road in the village of A-Tur east of Jerusalem. Richard Fisher was killed when he lost control of his car while going down the steep road in the village. He swerved to miss a truck and was then hit by an oncoming bus.

See how they run  
By Asher Wallfish

MAKE A NOTE of the date: May 12. Make a note of the venue: Israel TV. Make a note of the show: Shimon Peres, top man in the Alignment, versus Menachem Begin, top man in the Likud. The show will last 40 minutes, and the contestants are pretty evenly matched.

Peres told a delegation of the Association of Artisans and Small Businessmen that he hoped Adi chairman of the Knesset Finance Committee. If the law is changed to permit ministers to resign their Knesset seats as long as they are in the cabinet — and get them back if they quit the cabinet — Peres said, the businessmen's representative, MK Ya'acov Frank (number 48 on the Alignment list), would definitely get into the Knesset.

Zevulun Hammer (National Religious Party) told party youth in Tel Aviv that, since the Likud alone would not be able to form the next government, it was up to the NRP to emerge strong from the elections and become a central force in the next government.

The NRP has got Prof. Amnon Rubinstein, a leading figure in the Democratic Movement for Change, in its sights, on the grounds that he is deliberately trying to conceal his anti-religious views, so that his DMC will collect orthodox votes. "We have collected all Rubinstein's attacks on religion and on the religious community. We shall publish them in a 'white paper' in thousands of copies," the NRP announced.

The DMC's Meir Amit will speak at a protest rally outside the gates of Haifa Port tomorrow afternoon (Thursday) to condemn the marine officers' strike.

Another DMC man, Akiva Not, who was Shmuel Tamir's partner in the former Free Centre party, is gunning for Samuel Flatto Sharan.

Nof asked Supreme Court Justice Elihu Mann, chairman of the Central Elections Committee, to try to get the attorney-general to examine whether Flatto is breaking the law by allegedly distributing largesse to potential voters. Nof, who quotes press reports, says that Flatto, a Knesset candidate, has been granting scholarships to students, giving donations to families, and promising grants to certain communities. The committee should check whether a bribery offence has been committed in contravention of the Elections Law, Nof said.

Poalei Agudat Yisrael will broadcast its election propaganda in Hebrew and Arabic this time. However, it will use radio only, not television, since it holds television to be anti-educational — although it knows its screen silence may cost it votes.

The Citizens Rights Movement will distribute election propaganda explaining its stand on state and religious law. Shabbat. Its campaigners will go out to soccer grounds, places of entertainment open on Friday evenings, and beaches.

Arye (Lyova) Ellav is planning a nine-day whistle-stop campaign from Kiryat Shmona to Eilat, commencing next Tuesday. Instead of a railway train, he'll cover the country in a caravan lent him by sculptor Danny Karavan. Ellav wants the campaign to turn into what he calls a "shell-cade," with supporters escorting his caravan, in their own vehicles, over to the next locality on his itinerary.

Nurit Kahana, Haifa campaign manager for the Women's Party, claims that her campaigners have been having instant success in the Haifa suburbs. One of the women canvassed, who offered to have party meetings in her home, reportedly

told Ms. Kahana: "I've told my husband I'm going to vote for the Women's Party because he doesn't like a finger to help at home." "See How They Run is again a case of 'two quotes, from for' — misquoting soon-to-be politicians." Said Foreign Minister Yigal Allon, "It's easier to explain Operation Entebbe than the state of Israel's foreign currency reserves."

Said Ezra Weizman, Likud campaign manager: "I'm not busy with my party chief Menachem Begin, as I am with Shimon Peres, because Begin knows nothing about minding cocktails but Shimon knows nothing about minding a drink without a Begin is an upright man and Shimon is leaning over backward his efforts to slip into the premier's seat."

**Tour Ve'aleh**  
World Zionist Organization  
Aliya and Absorption Dept.  
If you are a Tourist visiting Jerusalem between May 8 — 12 Read this carefully!

The 1977 Jerusalem Aliya Expo will be opened officially at Hechal Shlomo at 5 p.m. on Sunday, May 8. 25 booths will then be open from 10 a.m. to 2 p.m. and 4 p.m. to 7 p.m. where you can obtain information on: Aliya, Job Finding, Hebrew Courses, Housing, Business, Investment, Finance, Banking, Industrial Programmes, Unemployment, Education, Unemployment, Volunteers Programmes.

Until May 12 You are Welcome Admission Free Information Tel. 03-25 Tel Aviv, 12 Rehov Kaplan Haifa, 124 Sderot Hanaasi Jerusalem, 17b Rehov Keren Hayesad Tel. 02-23

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**TAMAR STERN**  
has passed away  
The funeral will take place at 1 p.m. on Wednesday, April 27, 1977 from the Sanhedria Funeral Parlour, Jerusalem.

The unveiling of the tombstone of  
**Rabbi DAVID WINCHESTER**  
(Chicago, U.S.A.)  
will take place on the first yahrzeit, Thursday, Iyar 10, 5737 (April 28, 1977). The family and friends will meet in front of Taxi Eisenbach, 7 Rehov Mea Shearim, Jerusalem at 3.30 p.m.  
The family  
To the PATENKIN Family, Jerusalem with you in your grief on the death of  
**NAHMAN**  
Families: GRINWALD AND YACHIMOVITZ



## Curfew in Nablus after Kahane riot

**Jerusalem Post Reporter**  
NABLUS. — The security forces yesterday clamped a curfew on the city following riots over the Kahane's declared plan to hold a ceremony for "the return of Jews" to the town on May 6.  
Kahane, leader of the Kach list in coming elections, has sent invitations to West Bank mayors and aides to attend the ceremony in Nablus, an ancient Israelite city of 10,000. He said he was launching a campaign to establish Jewish settlements in every Arab town in the aim of bringing peace to the region.  
Kahane was recently barred from entering the area without a permit, making an attempt to call on Mayor Bassam Shak'a to argue his case.  
The security forces yesterday used gas to disperse stone-throwing rioters who took to the streets to protest against Kahane's visit. Rioters, mainly Arabs, burned tires and stoned police vehicles and army patrols just as the curfew was imposed on the city. Some of the rioters used catapults, which have become the vogue in West Bank.

## Legal action possible over Dengoff job

**By SARAH HONIG**  
**Jerusalem Post Reporter**  
JERUSALEM. — The Ministry of the Interior yesterday said it will take legal action to force the resignation of the city engineer, David Shifman, who is alleged to have accepted a bribe of \$10,000 to secure a contract for the city's water supply system.  
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**questions Israel selections**  
A Namir MK yesterday asked Education Minister to explain the Israel Prize for design was awarded to two curators of the Israel Museum, Yona Fischer and Eva Cohen.  
The Minister said he would be glad to answer the question before the Education Committee, but he also demanded to know the names of the judges who had awarded the prize-winners.  
The government communiqué made the award announcement but did not say what Namir's objections were.



**THE YANKS ARE COMING.** — The vanguard of the summer tourist influx has already arrived in Israel, as evidenced by this couple bedecked in the "Stars and Stripes" as they walk down a Tel Aviv thoroughfare yesterday. (Mike Goldberg)

## Soviets want trade with Tel Aviv businessmen

**Jerusalem Post Reporter**  
TEL AVIV. — An official Soviet trading company, Intorg, has offered to sell goods to Israel. This is believed to be the first time such a suggestion has been received from the Soviet Union since that country broke off diplomatic relations with Israel following the Six Day War of 1967.  
Zvi Amit, director of the Tel Aviv Chamber of Commerce, yesterday told *The Jerusalem Post* that the offer was made to the chamber in a letter, dated April 19, written in French and mailed from the Intorg office in Paris.  
The company wants the chamber to help it find potential buyers for printing equipment, wood pulp for newsprint and other types of paper, finished paper goods, and printing ink.  
The offer does not mention prices, quantities, delivery schedules, method of shipping, or how payment is to be made.  
Amit noted that since the rupture in diplomatic relations, Israel has signed several barter agreements with Rumania and Hungary. Some of the goods sent to these East Bloc countries may have reached the Soviet Union.  
"We will do everything possible to see that the Soviet offer gets a favourable reception," Amit said.  
During the day, several importers called the chamber for more information.

## Inferior materials made roof collapse

**RISHON LEZION.** — The roof of a building under construction that collapsed on March 28, killing two people and injuring three others, fell in because unsuitable materials were used in construction, a committee that investigated the accident reported this week.  
The committee, composed of engineers and representatives of the Labour Ministry, said that the roof supports were made of wood instead of metal pipes and that rope was used instead of steel cable for binding purposes.  
The committee pointed out that certain subcontractors use these inferior materials in building roofs up to three metres above the ground.  
When the roof is over five metres high, such as the one that collapsed, the subcontractors should have been doubly careful, the committee said.  
The committee believes that the immediate cause of the collapse was the vibration of a machine that mixed the concrete poured onto the roof.

## Air Force chief testifies against man he stopped for 'crazy driving'

**TEL AVIV (Itim).** — Air Force commander Aluf Benyamin Peled yesterday testified as a prosecution witness in Tel Aviv Magistrate's Court against a student whom he had stopped because of his "crazy driving."  
Peled told the magistrate that, while travelling with his driver from Ramat Hasharon to Netanya last January, he saw a car speeding and wildly overtaking. "Seeing his crazy driving," Peled decided to stop the car. Peled said he chased the car to the Kfar Szmuryahu junction, where the car, driven by student Alexander Spector, turned into the village against a red light. Peled waited at the junction and, when Spector left the village, the Air Force commander stopped him and demanded he identify himself.  
Spector, Peled said, refused to identify himself, saying he would do so only to a policeman. Peled then accompanied Spector to the Netanya police station, where Spector identified himself and Peled gave a statement.  
Peled said that, after the incident, Spector published an article about him in "Ha'olam Hazei." From the article, Peled said, "I learned that I am a wild, dissolute character and that I was picking on the youth (Spector) because one of my secretaries was once his girlfriend."  
Spector's trial was adjourned until next month.

## Disabled veterans conference opens

The Disabled Veterans Organization opens its annual conference today at Beit Kay, the army convalescent home in Nahariya.  
Defence Minister Shimon Peres will take part in the opening ceremony. The conference, which represents the 23,000 disabled veterans from all of Israel's wars and pre-state struggles, will decide on ways to promote better rehabilitation for disabled veterans.

## Israeli study shows HIAS helps increase Soviet dropout rate

**By JUDY SIEGEL**  
**Jerusalem Post Reporter**  
Russian Jews are nevertheless continuing to apply for exit visas. Of 329,000 such requests since November 1968, a full 194,000 were refused and the Jews are still waiting.  
It is easier for a Jew to leave certain regions than others. About 82 per cent of the applications from Lithuanian Jews have been approved, and the area has been emptied of about 41 per cent of its Jews as a result. About half of all Georgian Jewry have emigrated. But only 1.9 per cent of Jews living in the Russian Soviet Republic have been allowed to leave.  
At the executive meeting it was also revealed that, despite the menacing atmosphere in the Soviet Jewish community, the authorities allowed Moscow scientists to hold a seminar on April 19 which included the participation of 10 American scientists who had arrived specially for the event.  
New York metropolitan-area Jews will assemble on Sunday for the traditional march for Soviet Jewry. Over 150,000 are expected.  
In London, the Archbishop of York, Dr. Stuart Blanch, will preside at a conference on Soviet Jewry today to be attended by more than 60 clergymen of the Church of England, the Roman Catholic Church and the free churches, JTA reported yesterday.

**By SARAH HONIG**  
**Jerusalem Post Reporter**  
Prisoner of Zion Iosif Begun is on a hunger strike to protest the decision of Soviet authorities to try him on the charge of "parasitism," according to information received in Tel Aviv. The trial is to open on May 6.  
It is not known when Begun started his hunger strike.  
Begun, a scientist, was dismissed from his post when he applied to go to Israel, and has been supporting himself by giving private Hebrew lessons. The authorities would not allow him to hold a regular job and do not recognize the teaching of Hebrew as gainful employment.  
He is being prosecuted for being unemployed. If convicted, he could be sentenced to up to six years in prison or exile.  
Meanwhile, Natalia Shcharansky, wife of imprisoned Soviet activist Anatoly Shcharansky, left for Strasbourg yesterday to lobby European parliamentarians over the fate of her husband. The Council of Europe is meeting there.

## Professionals will settle at Mt. Meron

**Jerusalem Post Reporter**  
A settlement of young professionals will open at the foot of Mt. Meron in Galilee by the end of this year with a first group of 60 social workers, teachers and community workers.  
The settlement was discussed yesterday at the fifth annual meeting of the Israel Zionist Council, which is helping to organize it. The topic of the meeting in Beit Shemesh was "development towns and disadvantaged neighbourhoods."  
The mayor and local council chairman of many development towns attended, as will former prime minister Golda Meir, WZO Executive chairman Yosef Almog and Education Minister Aharon Yadin.  
The Zionist Council has decided to shift its efforts from mainly information activities on Zionism to promoting settlement projects.

## Students abroad permitted to hold currency accounts

**TEL AVIV.** — Israeli students studying abroad should not fear being interrogated or arrested for holding foreign currency accounts when they return home for summer vacations, according to Nehemya Weisenstern of the Finance Ministry's foreign exchange department.  
He told *The Jerusalem Post* that such students — many of whom undoubtedly have bank accounts abroad — are allowed to spend up to three months in Israel without reporting their accounts to the proper authorities.  
Weisenstern added that other Israelis (not students), who are legally abroad and who return for short visits, will not be questioned.  
Avraham Ben-Yaacov, secretary of the Council for Higher Education, estimated that there are 4,500 to 5,000 Israeli students studying abroad in recognized institutions of higher learning. Of these, 2,250 receive monthly grants of \$250 from the

Israeli authorities if they study in Europe, and a bit more if they study in the U.S. These sums are often transferred directly abroad to the bank accounts of the students, he said.  
Another source said there are an estimated 250,000 Israelis with "good Israeli passports" living abroad. Most are adults, and it is believed that all have bank accounts where they live.

## French group inspect Jezreel Valley town

**Jerusalem Post Reporter**  
MIGDAL HA'EMEK. — A group of 45 men from France arrived here yesterday to study the possibilities for bringing their families to settle here. Most of them are in their twenties and have two or three children, although some are still single.  
They are the first group in a large project prepared by a local resident, Shmuel Amichay. He had been sent to France under the auspices of the Jewish Agency and the Galilee Development Council.  
They will stay for a week, inspecting the homes prepared for them and visiting the work places where jobs are available. They include craftsmen, skilled workers, and some with academic qualifications.

## Two children and 'Fagin' arrested

**TEL AVIV.** — A boy of 11 and a 14-year-old girl, escapees from a children's home, have been arrested for pickpocketing and purse-snatching. Also in police hands is a man of 25 accused of having been their "Fagin," sending them out on their nefarious excursions.  
Among the children's alleged habits was calling at houses and asking for a glass of water; they would then rob the kind householder of any valuables lying around. (Itim)

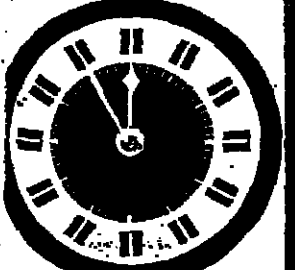
**PETAH TIKVA'S** railway station, which has been used for freight only for several years, was opened for passenger traffic for one day yesterday to take 800 children on a school outing to Jerusalem.

## Schools open on May Day

Schools will be open on Sunday, May 1, but parents can have their children excused on the day, the Education Ministry announced Monday.  
In its guidelines, the ministry said that schools and kindergartens are to hold no May Day celebrations or processions, and that no flag of any kind is to be flown.  
Parents — and teachers — who wish to be excused for the day must give prior written notice.

## The Israel Institute of Petroleum and Energy

**Advanced Seminar on Oil Economics**  
**Session 6**  
announces a series of lectures by  
**Dr. M. Lipton**  
Vice President of Walter Levy Corporation  
which will take place:  
Tomorrow, Thursday, April 28, 1977 at 3 p.m. —  
**OPEC and the Energy Problems of the U.S.**  
and on Thursday, May 5, 1977 at 3 p.m. —  
**The Political Economics of Energy in the U.S.**  
The lectures will take place at the auditorium of the School of Petroleum Sciences, 26 Rehov Ha'universita, Tel Aviv.  
Members of the Petroleum and Energy Industry are invited.



## Time For A Change

When you vote for the Democratic Movement for Change on May 17 you will be voting for an economic programme based on:

1. Reducing the country's disastrously high rate of inflation by cutting down on the government expenditure that is fanning the flames of inflation.
2. Eliminating the government red tape that stifles initiative and enterprise.
3. Establishing a clear system of economic priorities, with preference to production over services, to increasing exports over raising living standards.
4. Stopping strikes by ending the uncontrolled inflation and the punitive taxation which spur labour unrest, and by instituting compulsory arbitration in essential services.

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# Anti-gov't guerrillas said pressing Angola

LISBON (UPI). — Western intelligence reports indicated yesterday that pro-western guerrillas have gained control of large chunks of Angola, bottling up government forces and their Cuban allies in the towns.

The sources estimated that Angolan President Agostinho Neto and his Marxist-oriented government could not survive without the backing of Cuban troops and Soviet advisers.

## Ethiopians kill two Eritreans in hijack attempt

ADDIS ABABA (AP). — Two men died in a shootout with security guards on board an Ethiopian Airlines domestic flight during an attempted hijack, the Ethiopian "Herald" reported yesterday.

The government-controlled newspaper said members of the secessionist Eritrean Liberation Front tried to hijack the aircraft on Monday. The pilots followed a struggle in which the captain of the DC-3 flight between Makele and Gondar in central Ethiopia wrestled with one of the hijackers in the plane's cockpit, the "Herald" said.

Several passengers were being treated in hospital for wounds received in the struggle, the paper said.

The captain said one of the hijackers entered the cockpit shortly after takeoff from Makele and ordered him to fly to Saudi Arabia. The captain said he then made a sharp midair turn, rocking the plane violently. This threw the hijacker off balance, whereupon the captain pounced on him and wrestled him to the floor.

An armed security guard rushing to the captain's aid was intercepted by a second hijacker who fired at him, said the newspaper. But a second security guard made it to the cockpit and killed the hijacker wrestling with the pilot.

# Oil spill seen as major issue in Norway poll

STAVANGER, Norway (AP). — The team of American experts seeking to cap a runaway oil well in the North Sea yesterday decided to postpone the operation one more day in order to lift more equipment onto the rig.

Meanwhile, the Norwegian Government appointed a commission to investigate the blowout in Norway's offshore Ekofisk oil field.

The blowout is developing into a major issue for the fall general election, and oil companies are worried that the minority Labour government would cancel plans for test drilling off northern Norway, which is to begin next year.

Since the well blew last Friday, the rig has been spewing about 4 million litres a day into the sea, forming a slick 10 km. wide and 30 km. long.

At current oil prices, the well is throwing away about \$800,000 worth of crude a day.

The two American experts, Boots Hansen and Richard Batterson of the team of Texas oilfield firefighter Red Adair, made the decision to postpone capping operations after boarding the rig for the third time since they arrived on the scene last Saturday.

"We still feel confident the leakage can be closed fast as soon as all equipment is available and the work can begin, maybe within the next 24 hours," said Dag Hansen, spokesman for the Norwegian Oil Directorate. "The work itself can be done pretty fast, in one or two days."

Dutch oil experts who surveyed the slick said they felt sure the spilled oil would break down before reaching coastlines if the blowout killers could close the leakage this week.

**Red Sea security**

CAIRO (UPI). — Egyptian and Sudanese military commanders drew up plans for ensuring security of the Red Sea during a three-day conference which ended on Monday.

Gen. Mohammed Ali Fahmy, chief of staff of the Egyptian Armed Forces, said.

The conference also worked out details of possible Egyptian assistance to Sudan in case the latter faced a foreign aggression, he said.



British Foreign Secretary David Owen, left, exchanges pleasantries with his Egyptian counterpart Ismail Fahmy, before sitting down to talks in Cairo.

## Owen believes Israel-Arab talks possible this year

CAIRO (UPI). — British Foreign Secretary David Owen ended a two-day visit to Egypt yesterday declaring Arab-Israeli peace talks were possible this year and a transition to black majority rule in Rhodesia could be achieved in 1978.

Owen said Egyptian-British relations were good and he hoped they were better now after his meeting with President Anwar Sadat.

Addressing a news conference before departing for Damascus, Owen said his talks with Sadat and Foreign Minister Ismail Fahmy covered "a wide range of problems, including the Middle East conflict, the situation in Africa, and Egyptian-British relations."

Asked whether Arab-Israeli peace talks could be resumed at Geneva this year, Owen said: "I think it is possible, but we should not get attached to it very much." He said the problem is complicated "and views are not identical, but progress is possible."

It is up to Middle East nations to decide if they wanted Britain to assist in promoting a settlement, he said, emphasizing that the U.S. should play the key role.

In an interview with the semi-official newspaper "Al-Ahram," Owen said that Britain supported the participation of Palestinian representatives at any resumption of the Geneva conference.

But he evaded a direct answer when asked whether Britain agreed to the Palestine Liberation Organization (PLO) taking part in the conference.

"We believe that the representatives of the Palestinian people should participate in the negotiations, and we hope a formula will be reached to make that possible," he said.

Owen told the newspaper that Britain was opposed to "the continuing Israeli occupation of Arab lands."

"Britain is also opposed to any unilateral changes in the status quo of Jerusalem," he added.

Meanwhile, in Paris, Egyptian Vice-President Hosni Mubarak said that U.S. President Carter would like the Geneva talks to resume "in the second half of this year, after the Israeli elections."

But Mubarak added that both Carter and Sadat were convinced of the need for "much more preparation" so the talks could start with concrete matters, "not ceremony."

# CIA claims Russia has water in its oil wells

WASHINGTON. — One reason for the Central Intelligence Agency's pessimistic assessment of world oil reserves is that Russia has a problem with water in its wells, agency director Stansfield Turner told Congress on Monday.

Turner was one of five administration officials dispatched to Capitol Hill for further explanation of President Carter's energy programme, which drew to a considerable extent on the CIA's survey of the global petroleum situation.

The new CIA chief gave the House of Representatives energy subcommittee some details not included in the report Carter cited, including a finding that pumping problems, not just depletion, will cause demand to outrun supplies by 1985.

Turner said some of the CIA's information was drawn from "highly sensitive intelligence sources," and that the agency's gloomy view "is based on our estimate that the USSR will change from an exporter to a substantial importer of oil in the early 1980s."

The CIA report forecast that the Soviet Union and East Europe would need to import between 3.5m and 4.5 barrels a day by the early 1980s, instead of exporting at the current rate of a million barrels a day.

"The Soviets have a problem, production in that those fields to account for the bulk of Soviet production are experiencing severe water encroachment," he said, a result, increasingly large quantities of water must be lifted for each barrel of oil produced.

The Russians are pushing for maximum production, but even at maximum effort, the Soviets will come close to the 1980 goal of five-year plan, he said.

"We don't see the capability of lifting enough oil on line between 1980 and 1985," said Turner.

He said oil output in the Soviet Union would soon peak at about 10 million barrels a day, possibly as early as next year. Current Soviet production is about 10.5 million barrels a day.

(UPI, Reuters)

## Actress tells London court of blackmail and murder plot

LONDON (Reuters). — An unemployed British actress on Monday described a Lebanese, who is alleged to have plotted to blackmail the Anglo-American Corporation of South Africa and threatened to kill its chairman, Sir Philip Oppenheimer, as "charming and friendly."

Jacqueline Holborow, 30, told the Central Criminal Court here of a visit she made to Spain to meet "Flash Red" or "Poppa" Kamil, a former forger employed by the gold and diamond-mining corporation, in connection with illicit diamond buying.

Holborow and four others are accused of plotting with Kamil to extort one million sterling from the corporation. Three of them are also charged with threatening to kill members of the Oppenheimer family. All five have pleaded not guilty to the charges.

Kamil told her he had been cheated out of money but did not specify the sum. "He was talking about diamonds, a hijack and that he was a girl called Ingrid who had been passing him information and he presumed she was kidnapped," Miss Holborow said.

"I gather that was by American Security, but I don't know."

"He said he had originally intended to hijack an aircraft carrying stolen or illicit diamonds but was too difficult so he decided to kidnap a member of the Oppenheimer family."

She added: "He was to hold a person against the release of the but there had been a complication. He thought he had been set up. He ended up hijacking an airplane which in turn ended up in Malawi."

In 1972, Kamil was jailed in Malawi for hijacking an aircraft, this wrongly that an Oppenheimer board.

## Argentine Jews see anti-Semitism in probe of dead financier

BUENOS AIRES (AP). — Leaders of the Argentine Jewish community are concerned that a major political and financial scandal rocking Argentina may have anti-Semitic overtones.

The scandal stems from a wide-ranging military government probe into the financial affairs of an Argentine Jewish banker, David Graiver, reported killed in a Mexican plane crash last August 7.

Allegations here are that former high Peronist officials and other personalities as well as Peronist-linked leftist guerrillas were linked to Graiver financially.

"So far we can't honestly say that there is a real anti-Semitic connection in the case, but we certainly are worried because many of those allegedly implicated in the scandal and who are already under arrest are Jews," a top Jewish leader said on Monday in an interview. The leader said he did not want to be identified because he feared retaliation, but he said that if community leaders find hard evidence of anti-Semitism they will make a public statement.

Another Jewish leader said he thought there may be no anti-Semitism behind the probe, but he feared that anti-Semitic groups may capitalize on it.

A cartoon published in the latest issue of the Argentine newsmagazine "La Semana" brought an editorial protest from the newspaper "La Opinion" and anger from Jewish leaders.

The cartoon depicts a large-headed man in a beard and homburg hat, who is answering the phone in his luxurious mansion, as the maid puts his bags into a limousine. He holds an air ticket and overcoat in his hands.

"I can't talk now," the man says into the phone, obviously in a hurry to leave, "the situation is grave, very grave."

The 600,000-strong Jewish community here, the largest in the western hemisphere outside the U.S., is worried that the situation may lead to new violence against Jewish concerns. Eight months ago several Jewish shops and synagogues were bombed and attacked with machinegun fire, and a neo-Nazi group calling itself National Socialist Front claimed responsibility.

The government has said there is no anti-Semitism in the probe, and official sources say those involved coincidentally happen to be Jews.

At least 19 persons, including Graiver's father — a Polish Jewish immigrant — his widow, a brother, an uncle and an aunt, as well as the Jewish editor of the Liberal Buenos Aires newspaper "La Opinion," Jacobo Timerman, are under arrest in connection with the investigation.

The uncle, Pedro Graiver, and his Catalina were arrested Saturday as they about to board a plane for Israel.

The implication in the arrest was that he was trying to flee the country, but friends say he is on his way to visit a daughter. He is president of the large Hebrew Community Centre in La Plata, 50 kms. to the south, home of the Graiver family.

Meanwhile, the right-wing newspaper "Nueva Provincia" of Bahia Blanca, an Atlantic coast port 800 kms. to the south, which has been publishing tantalizing stories about the case, in its Sunday edition that former Argentinian strongman Juan Peron, who died in 1974, and widow Isabel, overthrown last year, and at least nine other well-known Argentines were investors with Graiver. It quoted "unimpeachable sources" as saying that a Colonel Alberto Campa, who is one of the investigators, was offered \$5m, and ownership Graiver-built skyscraper in the Atlantic resort of Mar del Plata to forget the probe.

In neighbouring Uruguay, the newspaper "Mundo Color" said the government there was investigating reports that Graiver may have large investments at the famous Punta del resort.

## Gromyko opens India talks

NEW DELHI (Reuters). — Soviet Foreign Minister Andrei Gromyko met India's new leaders yesterday on a mission to maintain close Indo-Soviet ties forged under the ousted Congress Party government.

"We cannot allow any gaps to appear in Indo-Soviet relations," he told reporters following what he called a very useful two-hour session with Morarji Desai, the new prime minister. He also said Indo-Soviet ties threatened no other state.

The close links with Moscow, including a 1971 treaty of peace, friendship and cooperation, were developed during the premiership of Indira Gandhi, ousted in general elections last month. Desai has said he seeks genuine non-alignment, with no suspicion of drifting too near any one great power.

Gromyko's talks with Desai were followed by a lunch with India's foreign minister, Atal Bihari Vajpayee, spoke warmly of the bonds with the Kremlin. Indo-Soviet friendship was "strong enough to survive the demands of divergent systems, the fate of an individual or the fortunes of a political party," Vajpayee said.

The friendship between the two countries "has remained a constant factor for peace and stability in Asia and the world," Vajpayee said.

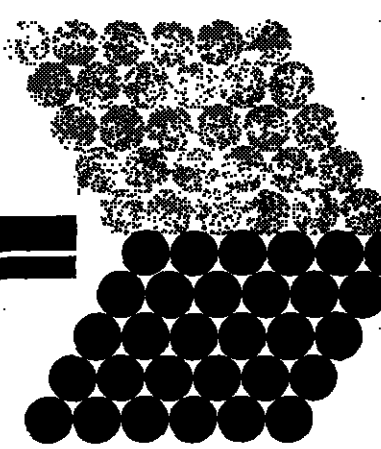
India appreciated the help that the Soviet Union had given to industrialize the country and make it self-reliant, Vajpayee said. India was also grateful for what he called the Soviet Union's consistent and principled support in difficult times.

## Israel fights UN 'racism' parley

UNITED NATIONS (AP). — Israel urged the UN Economic and Social Committee on Monday to keep anti-Semitism out of the world conference to combat racism and racial discrimination planned for next year.

Israel Ambassador Chaim Herzog opposed a preparatory subcommittee's recommendations that the conference work for "full and universal implementation" of UN resolutions on racism, and that conference documentation include the report of a Baghdad "Seminar on Racial Discrimination."

Herzog noted that among the UN resolutions was the General Assembly's 1975 pronouncement that "Zionism is a form of racism." He pointed out that the Baghdad "Seminar" last November was also called the "International Symposium on Zionism," which he described as "viciously anti-Semitic."



## TWO IMPORTANT DATES FOR HISTADRUT MEMBERS.

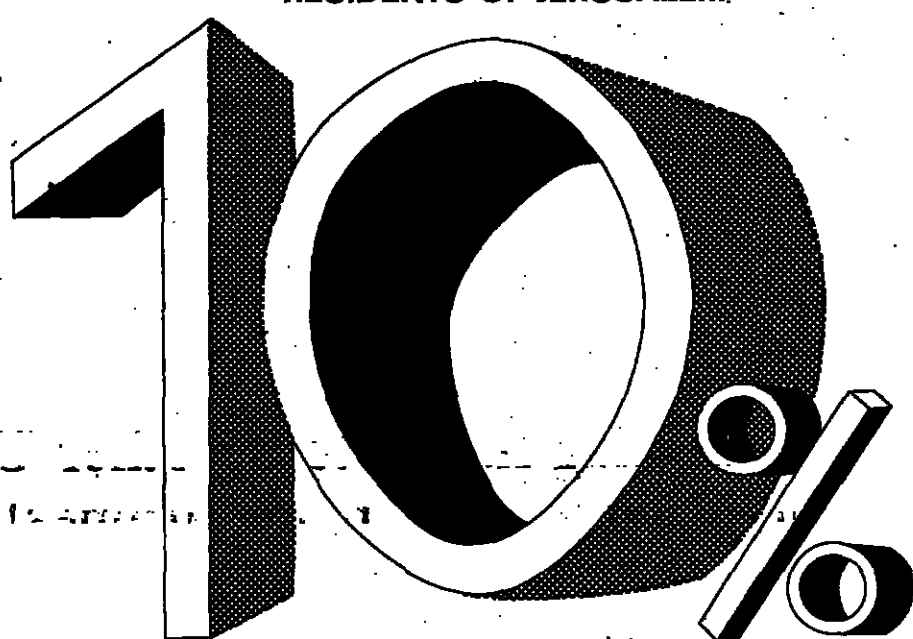
**30.4.77**  
Until the 30th of April, you can still pay up your membership dues and guarantee your right to vote.

**8.5.77**  
Check if you're on the voters' register. Until the 8th of May, you can still appeal to your local election committee if your name is not on the voters' register. Further details are available at every labour council.

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The General Federation of Labour in Israel  
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## THE FIFTH PAGE

FROM MY JERUSALEM KITCHEN/Sybil Zimmerman

## For kids to make

## PEANUT BUTTER COOKIES

1 1/2 cups flour  
1/2 cup baking soda  
dash salt  
1 egg  
1/2 cup butter or margarine, softened  
1/2 cup brown sugar  
1/2 cup white sugar  
1/2 cup peanut butter  
1/2 cup vanilla  
1. In a mixing bowl, combine flour, baking soda, and salt. Add the egg and beat with a spoon.  
2. In a second mixing bowl, place the softened butter or margarine, add brown sugar, white sugar, peanut butter and vanilla. Slowly add the flour mixture. Mix well.  
3. Form the dough by hand into small balls. Place the balls on a cookie sheet, using a fork to flatten each with a criss-cross pattern. Bake at 375°F (190°C) 10 minutes.

## SHAKE FOR TWO

1/2 cup chocolate ice cream  
1/2 cup chocolate syrup  
1 cup milk  
1. Place ice cream in a jar or other container with a tight lid. Add syrup. Mix with a spoon.  
2. Add milk. Close lid. Shake hard.

## EGG NOG FOR TWO

2 eggs  
8 cups milk  
1/2 cup sugar  
1/2 cup vanilla  
dash salt  
nutmeg  
1. Place eggs in a mixing bowl and beat with an egg beater until smooth and thick.  
2. Add sugar and salt. Continue beating until mixture is smooth.  
3. Add milk and vanilla. Mix. Pour into glasses. Sprinkle nutmeg on top.

## A DOCTOR'S NOTE-BOOK / Dr. David Samson

## Detecting an unlucky break



Persisting discomfort around the wrist after a knock or a fall should not be neglected. (Rubinger)

least not immediately after the event. In particular the fracture of a small bone at the base of the hand, the scaphoid bone, is notorious for not initially being detected on X-ray. The actual fracture line can be extremely narrow, and there is usually no displacement of the broken ends. Even close inspection of the X-ray plates with a magnifying glass may fail to show the break.

When clinical examination in such a case strongly suggests a fracture, treatment is initiated exactly as if this were so, and another X-ray is carried out about two weeks later by which time the fracture line, if present, will usually be much more easily seen. I think this letter you've

brought me will ask me to arrange this repeat X-ray for you.

My hunch was correct and the following week Shimon's second wrist X-ray confirmed the presence of a fractured scaphoid bone. The plaster was therefore retained. He was told that he would have to wear it for another two months at least since the bone in question can be slowish to unite and good immobilization is considered essential.

Minor injuries around the wrist are very common and invariably the resulting aches and pains clear up completely after a few days with a little rest and some tablets for the discomfort and without any need for medical advice. When the trouble goes on for more than a few days without any tendency to improve and particularly if the trouble spot seems to be at the base of the thumb, your doctor may consider whether the scaphoid bone could be injured and whether an X-ray is called for. Thus persisting discomfort around the wrist after a knock or a fall should not be neglected and should be brought to the attention of your doctor. Delay in the treatment of a fractured scaphoid may lead to continuous pain and even to permanent non-union of the break, with the possibility of development of arthritis in the wrist.

Shimon's plaster was removed after ten weeks, when an X-ray showed that the crack had healed successfully. He was then able to take up his job as kibbutz handyman after his unlucky break.

Dr. Samson regrets that he is unable to enter into any private correspondence in connection with his column. Readers' comments, however, may be used as a basis for future articles in the series.

15 MEDICINE entering a new era in the treatment of the cataract — that clouding of the lens of the eye which can lead to blindness?

Or is the present trail-blazing tendency to replace the damaged human lens with an intra-ocular plastic device something akin to the wave of heart transplant which rocked the world some years ago and which has now greatly subsided?

All this will be discussed at a three-day scientific conference opening today at the Daniel Tower Hotel in Herzliya. Some 70 ophthalmologists are coming from abroad, including South Africa and Japan, to participate. They will be joined by 100 of their Israeli colleagues. The conference is being organized by Prof. Michael Blumenthal, head of the Department of Ophthalmology at the Sheba Medical Centre.

Among Israelis, some 20-25 per cent of those above the age of 70 develop cataracts as part of the normal aging process; a much smaller percentage have them due to congenital birth defects, or to injuries, both physical due to an accident, or metabolic due to a hormonal imbalance, such as diabetes.

If anything, the percentage among elderly persons is increasing steadily due to the longer life span.

The first era in treating cataracts started more than three thousand years ago in India. There, a doctor called Susruta, took a needle and pushed it through the Cornea (outer layer of the eye) and into the opaque lens. With the needle he moved the lens from the path of the incoming light. The formerly blind patient regained a very limited use of his vision. He could see a few metres, but since he lacked the lens, he could not focus his vision.

Poor as the results were, it was a

## Conquering cataracts

By MACABEE DEAN  
Jerusalem Post Reporter

considerable improvement over being totally blind.

This same basic operation (called "couching") was repeated for thousands of years.

Then the scalpel replaced the needle, and moreover, the entire lens was removed. This type of operation has been done so often, that it is considered routine; about half of all eye operations today are for cataract removal.

The next step came about a hundred years ago when eye glasses, then in general use, were patterned to allow the patient with his lens removed to focus his sight. But not exactly, for the patient could not use such eye glasses — if he had one good eye. For the use of the glasses increased the size of the image seen by the lens-less eye by 30 per cent — and the human brain cannot accept any increase greater than seven to nine per cent superimposed on the vision of the remaining good eye.

Thus, most persons with a lens-less eye preferred not to use eye glasses at all, preferring to use only their good eye for seeing. (Paradoxically enough, if cataracts were removed from both eyes, the patient could wear glasses for both eyes and see, since the brain had no trouble at all superimposing identical images, if 30 per cent greater, on each other.)

The next step was only 20-30 years ago when it was discovered that

patients wearing a contact lens, the lens-less eye could use both eyes for the contact lens did not increase the image more than the permissible 7-9 per cent.

"The trouble is," one ophthalmologist says, "that most cataracts are found among elderly persons. Quite a few do not tolerate contact lenses, or do not care to wear them."

The solution was to implant an artificial lens. The first attempts were made in England in the early 1950's. But although gradual improvement was made both in surgical technique and in the artificial lens itself, they were not entirely successful (although some patients still have and use the implanted artificial lens until today, 25 years later.)

It was only in the early 1960's that the right type of lens, a light plastic one with the proper curvature weighing three milligrams made of polymer, was designed by a Dutch physician. With the implanted lens the patient still needs to wear ordinary glasses, but he would ordinarily have to wear them at the age anyway.

So far, some 150 to 170 such implantations have been done in Israel. Nevertheless, the surgical procedure is more complicated than for an ordinary cataract and there might be more complications," says Prof. Blumenthal.

"Not all ophthalmologists favor this implantation. Some say it should only be used in patients over the age of 70; others say 50 years old or older; but some will even implant one in a child. When and in whom to implant the lens — which itself costs about \$120 — will be discussed at the conference. But in the final analysis it is a highly individual decision the doctor concerned who must, and who should, undergo such surgery

## BRIDGE / George E. Levinrew

A TIP on timing in bridge — making your plays in the right order — is an entry by Pedro-Paulo Assumpcao of Brazil in the current Bois Tip Competition.

As East, you are the declarer in three no-trump, and South leads the heart queen.

West  
A74  
754  
K5  
A1065

East  
K86  
A9K  
Q553  
982

You count winning two top tricks each in hearts and spades. You need four club tricks and one diamond trick, or four diamonds and one club. What is your plan of play?

Perhaps your first choice is to tackle clubs, hoping for the queen and king to be divided between North and South. Do you see the potential danger of playing the clubs before the diamonds? When you lose to a high club your remaining high heart will be forced out, and the diamond ace will enable the defence to win possibly three heart tricks, setting the contract.

Now take a look at all four hands

North  
A10552  
952  
Q74  
K10

South (7)  
Q1086  
A94  
K75

If the king wins the diamond lead, you can proceed to set up clubs by finessing twice. If South rises with the diamond ace, you will be able to win four diamonds as well as the club ace and make your contract.

Assumpcao's tip is this: "When more than one play is needed to make the contract, give special thought to the best sequence. You may well find that the order in which you make your plays is no less important than the plays themselves."

## MUSIC / Yohanan Boehm

## Successful de-fossilization

THE JERUSALEM SYMPHONY ORCHESTRA, Lukas Foss conducting, performed the "Jerusalem Players" performed two simfonias and a galliard by the composer who served at Gonzaga's Court in Mantua, probably in order to show how the music sounded unadorned and without comment.

Commissioned by the Israel Broadcasting Authority, Yossi Marham's "Until..." is based on the last chapter of Ecclesiastes with its admonition "to remember thy Creator in the days of thy youth, before the evil days come" and ends with the often quoted "Vanity of vanities, saith Kohelel, all is vanity." The singer had to be content to recite the words and was only occasionally called upon to intone some sort of singing line. The main interest is focused on the percussion section, though transparently applied, and glissandi (gliding sounds without clear intervals) play an important role in the score. The piece does not convey anything original or impressive and can only be classified as another of the composer's efforts to find his way and a language of his own.

Finally, Stravinsky's perhaps most translucent and simplest work — the Symphony of Psalms, written in 1930 and revised in 1948 — was introduced by the conductor with a lengthy and quite out-of-place talk on his memories of the master. It did not help to turn the performance into a memorable one, as the choir, though large in numbers but with too many veteran chorists, does not possess any special tone quality or rich volume. Nor does the conductor, despite his personal involvement, create the atmosphere appropriate to the profundity of the composition.

ADLER'S SETTING of a Rosset Psalm for three groups of brass instruments preserved the original musical text and achieved nice stereophonic effects in his arrangement. On the other hand, Lukas Foss explained from the podium — that he intended in his Suite to bring Rosset's music nearer to the 20th century and pay homage to the great composer (who lived ca.1570-ca.1630) by adding his own commentary to the originals. As this was a quite modest attempt at "de-fossilization," it was entertaining without altering our esteem of Salomone di Rosset. As an in-

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# Unauthorized obligations, subsidy system and underwriting of linkage take their toll

## National debt soars on over-spending

THE STATE Comptroller's Report which, although formally submitted to the Eighth Knesset will necessarily be discussed only by the Ninth, raps the Treasury on many subjects which have been criticized in previous reports. They include the continuing large-scale extra-budgetary expenditures which are not subject to any effective parliamentary control; a subsidy system, which leads to the misallocation of resources and the underwriting of the very purpose of subsidies; and the vast, and largely unforeseeable rise in the public debt as a result of the underwriting of linkage. As usual, the report records inefficiencies and the administration's inability to cope with the increasing complexity of the country's financial affairs.

What is new in this year's report is the revelation of the growing practice of what is virtually tax farming: the sale of the right to collect taxes in fiscal 1976 it amounted to 37 per cent of total tax collections from companies and self-employed persons. This delegation of the job of collecting taxes is but part of a broader picture of increasing domination by the banks — mainly the big three, Bank Leumi, Bank Hapoalim, and the Discount Bank — in all operations involving savings and investment.

The report of the Comptroller's Report is, in fact, that as inflation has raged, the Government's expenditure has soared and its debt, both internal and external, has mounted far beyond the already astronomical levels recorded in the Treasury's books in consequence of extra-budgetary commitments. By far the greater part of these developments turns out to have been to the advantage of the big banks and property-holders in general.

THE FRAMEWORK for the Government's financial activities, the budget, was particularly elastic in fiscal 1975, for three reasons. First, there was a supplementary budget of IL145m., which represented an increase of 18.3 per cent in the authorized expenditure. Second, there were extra-budgetary expenditures, in the form of loans obtained by the banks and others and channeled to all kinds of deserving causes, unlinked but involving future commitments for which there is neither an authoritative estimate nor parliamentary control.

Thirdly, the State Comptroller, in his typically guarded language, criticizes the Government for a 53 per cent increase in expenditure, as against a 33 per cent rise in the cost of living index and a 37 per cent increase in the exchange rate, while the explanation to the budget spoke of maintaining the real level of public expenditure.

This excess of actual expenditure over declared intentions necessitated recourse to Bank of Israel financing — money printing — to the tune of IL15,600m. Worse still, the Comptroller points out, the Treasury knew, even before its original IL16.2b. budget was approved by the Knesset that its obligations on account of reserves, were greater than the sum of those reserves.

Many of these payments represented recurring commitments, such as IL187m. to the Jewish Agency, and IL48m. to the Agricultural Bank, which were not included in the original budget submitted to the Knesset.

It appears that in addition to knowingly presenting the Knesset with under-estimates and carrying out large-scale financial operations outside the budget, the Treasury shifted IL800m. from one budget item to another without the requisite Knesset Finance Committee authorization.

The Treasury also felt free not only to spend money without, or prior to authorization. But to use surpluses from the previous year's appropriation. This, says the Comptroller, actually means an increase of authorized expenditure.

### Make-believe

IN FISCAL 1976, the Government declared its intention of cutting public expenditure. According to the report, many of these budgetary cuts were not much more than make-believe, for either they were restored in the framework of the supplementary budget, or actual expenditure exceeded authorized spending.

No more real were the planned cuts in the number of government employees. There was in fact an increase of 66 employees or 1.1 per cent. If teachers and policemen are included, the increase was 6,735 or 5.4 per cent. The Comptroller says that the Civil Service Commission does not, in fact, have up-to-date data on empty or dispensable posts in the public service, which makes the planning of staff reductions difficult, if not impossible.

The declared policy of reducing government staff was further circumvented by an increased reliance on contracting outside services, mainly in the Labour Field. They ranged from such relatively simple services as guard duties to engineering, planning, supervision and control, computer planners, and public accountants. Even surveys of the organization of government offices were contracted out.

The Comptroller points out for the second year running, that while the contracting for specific, temporary services may have the advantage of flexibility, and economy, it also carries with it the danger that standards of rectitude may be impaired and that professional units in the government may lose their function.

In general, the Treasury's budgeting procedures come under criticism in many chapters of the Report, reflecting the apparent inadequacy of the forecasting and reporting systems of the Budget Department and the Accountant General.

WITH ACCELERATING inflation, the more or less open subsidy system, both on current account — for so-called essential consumer goods and the inputs needed to produce them — and on capital account, through the gigantic sub-

sidization of productive as well as unproductive investment — has apparently become inadequate. Therefore, the Government has resorted increasingly to extra-budgetary commitments, whose subsidy element is practically unforseeable and not controllable through Knesset procedures. As a matter of fact, says the Comptroller, the Treasury itself has inadequate knowledge of the obligations it has undertaken.

The subsidies to essential commodities are by now an old story. The Comptroller points out, once again, that the existing system leads to the misallocation of resources, the unintended subsidization of inessential products, and uneconomic overproduction of subsidized products, which means inefficient production in general.

He cites as an example the subsidy to frozen chicken. This was originally intended not only as a means of reducing the price of an essential product but also to encourage the substitution of domestic production for imports of expensive frozen beef. To the same end, the price of frozen beef was raised.

The result was that by July, 1976, frozen chicken subsidy represented 80 per cent of the price to the consumer. According to the 1977 budget, it is still 85 per cent of the price. The cost of saving a dollar on imported meat, according to Treasury calculations quoted in the report, was, between IL20 and IL30.

A result of this subsidy was considerable overproduction, which, according to the Treasury, was to be cut by 7.9 per cent. In an allied branch, the production of eggs, where the subsidy according to the 1977 budget is 34 per cent, the result was an overproduction which, by August 1976, led to an accumulation of 160m. eggs — 16 per cent of the annual consumption. Having subsidized their production, the Treasury undertook to cover the losses of the Poultry Marketing Board in converting 20m. of them into egg powder.

### Irrationalities

THE IRRATIONALITIES of the system, which is apparently designed to favour producers, are exemplified by the case of sugar. When sugar abroad was dear and subsidized, manufacturers were allowed to buy as much as they wanted, including that needed for the production of uncontrolled products at the subsidized price. When the world price of sugar fell, they were allowed to import directly, while the consumer bore the cost of the previously imported, expensive sugar, including the cost of maintaining emergency stocks.

There was also a big accumulation of surplus milk powder, imported by the Milk Marketing Board at high prices even though prices were on the decline. When consumption fell off as a result of domestic price increases, the Board found itself committed to an expensive stock sufficient for two years. The Treasury covered the loss involved in getting some of the pending orders cancelled and in selling the surplus.

The Milk Marketing Board was not only caught unaware by factors beyond its control. It also had no proper recording system, did not report to the Treasury, failed to release shipments from Customs and thus incurred high costs (ultimately covered by the Government).

Although the 1977 budget has reduced the fodder subsidy to an insignificant amount, the Comptroller still lists this as a major factor in the indirect subsidization of the poultry industry — amounting to a total of IL200m.

IN GENERAL, the Comptroller repeats his admonition that everything should be done to assure that the subsidies reach the consumer for whom they are intended and do not serve to swell the profits of producers. But the lackadaisical procedures which govern the subsidizing of essential products come in for stronger criticism.

The Comptroller points out that the subsidies to the poultry industry — which, according to the 1977 budget will come to IL460m. for eggs and frozen chicken — are based upon antiquated cost estimates. His comment that in the years 1969-74 this caused excess expenditure implies that the cost estimates are based on pre-1969 data — ignoring all the much-outdated advances in agricultural productivity in the years since then.

But not only have the declines of actual production costs been overlooked and left as an additional profit to the farmers; the subsidies are, says the Comptroller, paid according to producers' reports. Over these there was until fiscal 1975 no adequate control. According to the Accountant General, there is now better control, through public accountants, of bakeries and oil refineries. But since he does not mention poultry farming, it is to be assumed that the farmers are still free to get away with as much as they can extract in the way of subsidies.

Another traditional favourite son is public transport — which means mainly Egged. As already made known in the press, Egged was supposed to tide over its financial difficulties by selling assets of its daughter company, Mifalei Tahanot, nominally owner of the bus stations.

According to the Comptroller, Egged got IL200m. in June, 1976, but by January, 1977, no assets had started to be sold. Egged also got unlinked credit to enable it to release from Customs buses ordered in 1976 — this to the tune of 90 per cent of the cost of the vehicles. According to the Comptroller, the Transport Ministry really doesn't know how many buses Egged ordered and when, but a check showed that Egged included, in the lists it produced for financing, buses and frames ordered before 1975.

LEST ANYONE should think that the subsidy to agriculture and a few favoured industries ends with what

is listed in the budget, the Comptroller's Report puts him right. The subsidy to Mazout (residual oil), which in fiscal 1975 was 30 per cent and accounted for 60 per cent of the cost of producing electric power, actually amounted to a 20 per cent subsidy to the price of electric power. This, on top of the direct subsidy to water.

But not only agriculture, where subsidized electric power pumps subsidised water to where it's needed, benefited. The cost of producing cement, a heavy user of Mazout, was also reduced. Why it was taxed again through the cement excise duty is not clear — unless it was to reduce the cost to the producer — Neshet, the Elstadrut-owned monopolist — while increasing costs to the builders.

### Capital subsidies

THE BUDGET included an expenditure of IL954m. — 175 per cent more than in 1974 — for subsidies to credit in various forms. But, the Comptroller notes, this was only a small part of the real subsidy to credits and loans. As against the current subsidies to products or raw materials, which can be abolished at any time, the subsidies incorporated in the Treasury's undertaking to cover linkage are unpredictable and uncontrollable. This is dangerous from both the fiscal and the economic viewpoint, implying as it does that, quite apart from the problem of parliamentary control, the Treasury itself is losing control over its own commitments.

THESE MAINLY extra-budgetary commitments, which take the form of an undertaking by the Treasury to cover the debt increments resulting from changes in the exchange rate or the index, are intimately related to what happened in the capital market and to the role of the major banks.

The Comptroller notes that the share of the Government in new issues of securities, which is essential to the relative share of private issuers, mainly the three big banks, who accounted for 91.3 per cent of total issues in 1975, increased. Thus, the banks played a bigger role in

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## TALES FOR TAXPAYERS

By GIDION ESHET

WHEN DO income tax revenues increase? When such an increase is registered in the books. Is it essential for money to enter the Treasury's current account in order to register such an increase? Not necessarily.

The income tax authorities grant self-employed people and companies loans to pay their taxes. In 1976, IL2.5b. were granted for this purpose. When a loan of this kind is made, the books register that the tax has been paid. But in fact nothing of the sort happens. No money passes. The company concerned is recorded as having received a loan on which it pays 26 per cent interest. This "loan" is returned in monthly payments. What happens, therefore, is that the Treasury receives monthly sums of money which include interest.

But this is not the whole story. The taxpayer pays 26 per cent interest. When inflation is 40 per cent, as it was last year, he makes 14 per cent on what he owes the tax authorities. On the 1975 figure of IL2.5b. and an average of 7 per cent interest (taking monthly payments into account) taxpayers made, and the state lost, about IL175m. There is more to it than that, however. The 26 per cent interest is for tax purposes, so that someone paying income tax who is not making either small profit. In 1976, this amounted to a further

mobilizing savings. The Comptroller points out that this raised the cost of money for the Treasury, for the issuers get a 0.25 per cent annual linked commission, in addition to a 1.5-2.0 per cent one-time commission on issues sold. These commissions apply not only to their own securities but to those issued by the Government as well.

By arrangement with Hevrat Ha'ovdim and Bank Hapoalim, 1,098 73.4 Bank Leumi 225 15.0 Discount Bank 73 4.9 Bank Hamizrahi 42 2.8 Others 55 3.9 Total 1,496 100.0

ACCORDING to agreements with the Treasury, the pension funds are supposed to invest 50 per cent of their accumulated funds in "recognized" investments in category "A," whose use is decided by the Treasury, and the rest in "B" investments, whose use is decided by Hevrat Ha'ovdim. However, the Comptroller found that so-called "A" investments included Bank Hapoalim shares. The use to which the equivalent of these is put is certainly not decided by the Treasury.

It also turns out that the Investment Law is only for those who do not have the right connections. Enterprises of Hevrat Ha'ovdim can, through Bank Hapoalim, get so-called supplementary credit for investments, in addition to the loans granted under the Investment Law and through the regular Investment Banks. This subsidised financing, which can be as high as 100 per cent of the total investment, is often given for 20 years. One might point out that, while the Comptroller speaks of 100 per cent financing, there may in fact be cases where at long term and on heavily subsidized terms, the financing exceeded the actual cost of the capital investment and covered a good part of the working capital as well.

THE INTERMEDIARY who bears the cost of this subsidisation is, in every case, the Treasury, and thus the taxpayer. If the process described in the Comptroller's Report is to be interpreted in a way understandable to the layman, it is something like this:

By MEIR MERHAV  
Post Economic Editor

Since most of the money is recruited have their source in compulsory savings, through the pension funds, the Comptroller says that "direct disposition of the institutional savings, subject to the obligation of 'recognized investment', would have reduced the cost of this money to the Treasury." The same phenomenon was criticized last year — apparently to no effect.

In fiscal 1975, the Treasury approved capital issues of IL5,945m. compared with IL1,140m. in 1974. The issues authorized for the banks were IL5,802m. compared with IL5,335m. The issues of direct government debentures fell. The report attributes much of this to the reduction of linkage from 100 per cent to 90, then 80 per cent, but points out that the decline began in 1974. Whatever the reason, the shift of institutional savings to the banks increases the cost to the Government, and thus to the taxpayer. Moreover, the proportion of these issues left to the banks for their free disposal also rose by nearly 50 per cent.

WHAT HAPPENED, according to the Comptroller, was that while the bank's savings schemes — based largely on their own security issues — remained linked 100 per cent, the linkage of government debentures was reduced. Therefore, more savings flowed into the banks' schemes. Even the apparent decline in the sale of direct government bonds is misleading, according to the report, for it was the Bank of Israel which bought IL380m. of these; the public bought no more than IL20m. The rest actually amounted to printing more money.

The lion's share of the new issues of IL5,945m., or 81.8 per cent, of the new bank issues of securities, fell to the Bank Hapoalim group. Another 25.5 per cent, or IL1,431m., was accounted for by the Bank Leumi Group. The share of the Discount Bank group, was IL484m., or 14.5 per cent of the total. The in-

## TALES FOR TAXPAYERS

By GIDION ESHET

IL200m. loss to the Treasury and gain to the taxpayer.

HOW TO SHOW losses while making profits? The Industrial Development Bank is the government's main vehicle for supplying industry with development loans. Since most of the funds of this bank come from the Government, and since there is no risk in granting the loans, it was decided that the bank's profit margin should be 1.75 per cent.

In 1975, the bank complained that this was insufficient. A committee was appointed to study the matter and it recommended that the margin be increased significantly. The committee based its recommendation on figures supplied by the bank which showed that after tax, profits in the period 1968-76 increased by only 65 per cent. The final figures in the bank's balance sheet proved that profits had actually increased by 85 per cent in that time.

However, in the meantime the Government had already upped the profit margin and did not reverse its decision.

HOW DID Tel Aviv become a development town?

It didn't except on one occasion. To be defined as a development town is

an advantage. Those investing in such towns are entitled to the low-interest development loans which are granted to industry. If the industry is also an exporter, the loans are even better, as the interest is lower.

Tel Aviv is not developing town for regular citizens. But Messrs. Meir Mosheovich and Bume Shavit and their industrialists' Federation are a different matter. They applied for a loan as a development loan for the purpose of building the federation's offices in the "new" city in Tel Aviv. In 1975, they received IL20m., or 4 per cent of all the loans granted to industry in that year. And then they say there are insufficient resources for industrial investment!

HOW TO SELL bonds and print money at the same time. In normal capitalist countries, a government sells bonds to absorb money from the public. This saves it from having to print money. But we pride ourselves on being different, so here is our contribution to modern economic practice.

When the linkage of government bonds was reduced from 100 to 80 per cent, the public stopped buying them. But the Treasury needed money, so it searched for buyers. Eventually it found one. The happy buyer was the Bank of Israel. It bought bonds to the value of IL380m.

Where did the money come from? The printing press worked overtime.

Officially, except for Hevrat Ha'ovdim, the total subsidised credit was supposed to be limited to 80 per cent of the capital. Since the Comptroller controls the Government, not private firms, he cannot be expected to know whether 80 per cent is not, sometimes, 120 per cent...

In fact, the Comptroller notes that in some cases the subsidised financing was not limited even to the full value of the investment, and although the linkage of the content was bordered, the matter was not discussed by the Cabinet Committee for Economic Affairs.

WHAT DOES the Treasury know about its commitments? Little enough, it seems. In 1973, all accounts of loans and commitments were supposed to be computerized, including payment schedules. But the very programming of the system did not allow for any connection between the balance of outstanding obligations, their payment schedules, and the loans executed from these loans.

The Comptroller says that for the time being there is no systematic information. What the is, is based upon the reports of the commercial banks. Accounts are settled a year or more after loans have been made.

While there has been a tendency to include more of the development loans in the budget, the Treasury is still prone to finance government corporations and other big enterprises outside the budgetary framework. Without reliable data, control of the use of funds, the Comptroller says, is impossible.

"At a time when activities within the budgetary framework are limited," he writes, "the Government adopts a method of undertaking future obligations which have no expression in the current budgets. The wide use the Treasury makes of this, without being subject to the constraints that apply to budgetary transactions, may have severe implications with regard to the financial management of the state."

THE SUBSIDIZATION of Industry and Agriculture is a story in itself. Judging by the report, a substantial part of the profits from these operations goes to the two main banks concerned: the Agricultural Bank, which is government-owned; and the Industrial Development Bank, which is financed by the Government to the tune of 53 per cent, but where the big three commercial banks have managed to obtain 60 per cent of the voting rights. According to the report, the government-appointed directors, who now have less than a blocking vote, and have only a 24.4 per cent control, have not even bothered to attend most of the board meetings.

In the Agricultural Bank, the Government has only three out of 17 directors. The rest represent the interested parties — farmers of all movements. The bank is the main agency through which the Government finances investment in agriculture. Moreover, the Government has made it responsible for collecting debts from agricultural settlements to the Jewish Agency. For the collection of these debts, some of which may be 30 years old, originally granted with a minimum grace period of 10 years and at 2 per cent interest, the Agricultural Bank gets a commission of 5 per cent. For every pound collected, the Government buys 25 agrot of the bank's shares.

The real extent of these obligations is not known with precision. According to the Comptroller, the amount at the end of December 1976, was about IL12.3b. plus 51b. — a total of IL10.2b. As long as inflation continues at the present rates, this will swell by 30-40 per cent each year without adding any real resources.

The system of subsidising capital is apparently also subject to the laws of equality. Formerly, it was only Hevrat Ha'ovdim which enjoyed "supplementary" credits that made it possible to set up an enterprise without raising any own capital. By September, 1976, the system was extended to include enterprises belonging to the Manufacturers' Association. Hevrat Ha'ovdim had acquired a framework of IL350m.; the Manufacturers' Association got IL100m.

The industrial enterprises of the

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### No control

The bank is permitted to use any money it collects for new official loans. But there is no control, no reporting, and the bank lends at shorter term than the money it borrows. Also, interest rates for borrowers are higher — without an appropriate refund of the extra profits to the Treasury.

When the Agricultural Bank issued 25m. worth of shares in the U.S., the Treasury of course undertook to cover any exchange rate differences. It also undertook to repurchase any shares put on the market by original buyers. So far, it has bought 9 per cent of the shares issued. All in all, the bank seems to be a self-perpetuating agency, which does not really account to the Treasury, and does as it pleases. Its profits in any transaction are always assured.

Since the Agricultural Bank has no savings schemes of its own, it found it difficult to sell its bonds, and had to raise money by buying from the commercial banks. This money, intended for re-lending to farmers at subsidized interest rates, was, however, first re-deposited with the issue banks for 3-6 months. Thus, the commercial banks got the use of cheap money, which was fully linked by the Treasury from the day of issue, while the farmers waited for their loans. All in all, it was the banks that gained.

The Comptroller says that because of the proliferation of intermediaries, the cost of the money lent to farmers was too high, and the period for which this directed credit was intended was shortened.

MUCH THE SAME is true with regard to the Industrial Development Bank. This, as already noted, is now dominated by the big three, even though the Government holds most of the bill. According to the Comptroller, the commercial banks gain access to valuable information about firms getting loans from the Industrial Bank and may have conflicting interests.

In 1976, the Industrial Bank asked for a government subsidy to increase its profitability, arguing that since 1968, its profits had risen only 65 per cent and its reserves were only 8.8 per cent of outstanding loans. A committee was appointed and the bank was granted IL26.6m. to improve its profit position.

Eventually, it turned out that the figures it had submitted were incorrect. Profits were up by 85 per cent and reserves were higher than originally stated. In addition, the Comptroller notes, 1968 was a non-representative base year in that year profits were increased considerably by a Treasury grant destined to compensate the bank for the abolition of loan linkages up to 1968.

The Industrial Bank has IL163m. of preferred shares, on which it pays an assured net dividend of 7-8.25 per cent. The Treasury ensures that this is grossed up — so that the Government in fact pays the taxes due on these dividends. This comes to 12.7 to 20.6 per cent interest gross, in addition to full linkage. The preferred shares are owned mostly by the big banks.

### More profits

The bank makes further profits by charging higher interest rates on advances against unconfirmed development loans. If the loan has already been approved but the entitlement has not yet been checked on site, the bank charges 1 per cent more than the official rate. If the loan itself has not been approved — a matter which is largely subject to the bank's control — the interest goes up to 20 per cent.

The Industrial Development Bank is not a Government corporation; it is a mixed enterprise, because the Government has less than 50 per cent voting rights. Therefore, according to the law, investments in it are not subject to Knesset Finance Committee approval. The Treasury thus has no real interest in increasing its voting rights to the extent of its share in the financing of the bank. The Comptroller notes that the Treasury makes great use of the bank as an instrument for its extra-budgetary operations, which are also not controlled by the Knesset.

THE GRANTING of so-called loans to ease the payment of tax arrears dates back to the '50s. Taxpayers can, on a recommendation from the tax inspector, get credit for up to 16 months for the payment of tax arrears. Up to six months, the interest rate is 20 per cent, and for longer periods — 26 per cent. The bank carries out an accounting transaction: it debits the taxpayer's account, charges him interest, and credits the Treasury's ac-

count. The money collected are considered a Treasury deposit, repayable two years after they have been paid into the bank. The bank pays the Treasury 2-4 per cent less interest than it charges the taxpayer.

Thus, the bank has use of the money, interest-free and unlinked, for 90 days after payment. The taxpayer doesn't pay linkage. The bank never pays it, in fact, negative. The total amount of such credits in 1976/77 was IL2,88m. The gain to taxpayers in arrears, due to relatively low interest rates compared with the rate of inflation, can be estimated at IL250m.

The Comptroller does not say so, but since this amount represented 37 per cent of the tax collected from self-employed persons and companies, tax farming through the commercial banks has obviously reached major proportions. This is not only a loss of money to the Treasury, but according to the report, it is in direct contravention of the law on income tax after the Ben-Shahar reform.

The law stipulates payment of linkage increments plus 4 per cent for arrears. Even the top two months of 98 per cent for commercial bank loans is 16 per cent less than that. The loss to the Treasury is more than 18-19 per cent above the linkage plus the interest rate required by the law.

Nor is this the whole story. The commercial banks did not pay cash for at least half the amount of the outstanding credit. They acquired credit balances in the Accountant General's clearing accounts, paid at a lower price for the money due to April and May of suppliers, and cleared their accounts with the Treasury — making a nice profit on the way.

As if this were not enough, the bank and that one bank, which carried out the major proportion of the transactions mentioned, transferred the interest payments collected on a monthly basis only every three months, thus retaining the collected money for an additional period. The amount left in the clearing accounts was paid at a lower price for the money due to April and May of suppliers, and cleared their accounts with the Treasury — making a nice profit on the way.

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## OFFICERS' PRIVATE FLIGHTS COST MILLIONS OF POUNDS

## The IDF: Emergency stores in disarray

By HIRSH GOODMAN  
Post Military Correspondent

THE ISRAELI Defence Forces come under scrutiny in the State Comptroller's report issued today. In a 100-page document covering many aspects of the IDF, the Comptroller points out a lack of preparedness on the part of reserves; poorly kept inventories; military prisons; and shortcomings with regard to personnel in the regular army.

Possibly the most shocking revelation — if perhaps not the most serious — concerns the lack of control on the private use of planes by Air Force officers — a practice which has cost the country millions. The Comptroller reports that in one instance, an Air Force command made light aircraft available to two officers on a permanent basis so that they could fly home to their off-duty homes. "This despite the fact that the Air Force ran regular daily flights along exactly the same routes."

In the case of one of these officers, his personal flights during 1976 cost IL47,000. The other cost the Air Force IL18,000 when he flew home some 50 times over a three-month period in 1976. The Comptroller discovered yet a third officer — who cost the country an additional IL16,400 in two months during the same year by ignoring the special arrangements made for him, and flying his private plane.

The report mentions a base commander in the south who, together with his deputy, flew home regularly in a light jet aircraft — despite two daily — and usually empty — flights north from the base. At IL3,300 per hour, this cost IL166,000 in the months of April and May 1976.

The Comptroller notes that the base the two flew out of was serviced not only by the Air Force but by Arkia as well, and that the commander and his deputy made their private flights without permission from the Air Force's central planning unit.

THE COMPTROLLER was also disturbed by his discovery that the Air Force paid full fares for 330 persons to fly abroad on El Al in the first five months of 1976, although there were empty Air Force flights to most of the same destinations almost daily.

The Comptroller notes, too, that while the regulations state clearly that personnel who go abroad on Air Force aircraft are required to pay travel tax in full, in addition to \$28 per diem board and lodging for the duration of the flight, in six out of 20 cases checked not only did the passengers not pay the amounts in question, but the Air Force gave them \$21 per day in expenses, as if they were members of the air crew.

The use of Air Force planes for the private transportation of personnel appears to be common practice by most base commanders. The Comptroller found that at one base, planes had been used for what he termed "social reasons." Even the regularly scheduled flights were extremely wasteful — often costing over IL2,000 per passenger in 1976 — and in one instance he found that a plane had been dispatched empty to the north in order to fly one officer to the south and then return empty to the centre of the country.

FAR MORE SERIOUS matters came to the surface, however, when the Comptroller checked into the operations of two infantry brigades, one attached to Southern Command, and one attached to Central Command. He found that in an emergency call-up exercise carried out by the Central Command brigade in June 1976, 54 per cent of those called failed to return their call-up slips and thus acknowledge that they had received their papers. What bothered the Comptroller was that four months later, when the unit came under his scrutiny, nothing had been done to find out why over half the brigade had not sent in their slips.

He found that in both brigades, vehicles were not being properly maintained and were not being serviced according to Ordnance Corps regulations. While the Southern Command brigade was found to be short of personal equipment (about 15 per cent in work clothes) the Central Command brigade had a surplus ranging between 14 and 65 per cent depending on the item.

In both commands there were serious shortcomings in the keeping of stores. In the Central brigade, for



Are they ready — if needed?

example, goods valued at many thousands of pounds — including emergency food rations — had been carelessly dumped in an old building. Ammunition was found lying about outside the official storage area, and fuel was kept in conditions other than those specified by the Ordnance Corps. There was no fire extinguisher anywhere near the fuel dump, for example. In a spot check of the brigade's medical supplies, it was found that 220 ampules of what was defined as a "hallucinogenic drug" were missing.

At one of the units checked in the Southern brigade, 126 items out of a list of 290 specified were found to be missing, including spare parts for weapons.

THE SITUATION at the Central Supply Depot was also unsatisfactory.

At this huge store, over 360,000 separate items valued at IL4.5b. are kept, and it is responsible for the distribution of spare parts and other inventory to units.

The Comptroller found, for example, that 4,600 items sent out by the depot in the months of April through December, 1976, had not reached their destinations — or had not been acknowledged — by May, 1976. When the items were tracked down, it was discovered that many of them had been bottlenecked for months at a depot in the South, "because they could not find suitable containers for the transport of the items to the designated units." Other items dispatched to the North could not be traced, and in many cases goods valued at thousands of pounds — such as a consignment of exhaust pipes valued at IL17,000 — had disappeared into thin air.

While only 2 per cent of all orders dealt with during the period under review went astray, the Comptroller stresses that because of the value of these items, and because of their commercial potential on the private market, he considers the faults very serious.

At the Central Supply Base, perishable foods which were supposed to be distributed on the day they were received were somehow left behind in the stores. On March 25, 1976, for example, almost 1,000 kilos of fresh fruit were found to be undistributed, although according to the ledgers all but 124 kilos had been sent out. No explanation of the discrepancy was forthcoming.

In a spot check at the same base, it was found that out of the 44 distributors queried, 17 could produce no adequate receipts showing that the goods in their charge had in fact been handed over to the units in question.

It was also found at the Central Supply Base that 26,819 emergency rations which should have been on the shelves were not there. This led to a full-scale investigation by the IDF, in which it transpired that a total of IL329,220 in emergency rations, IL47,768 in general stores and IL35,320-worth of canvas covers could not be traced.

As a result of these findings, several officers and men were prosecuted and the commander of the base was relieved of his duties.

ANOTHER MATTER which caused the Comptroller grave concern was the situation regarding the enlistment of men into the regular army. While the armed forces are apparently suffering from a serious manpower shortage, he finds that in June, 1976, 57 requests to continue serving, out of the 198 filed that month, were handled so slowly that they arrived too late for the men to be signed on.

Despite a standing order that all requests for the continuation of service reach the authorities at least three months before demobilization, the 57 mentioned did not arrive at all; 47 others arrived only one month before the man was supposed to leave the service, and 45 between one and two months before the demobilization date. Only in 51 cases out of the 198 checked did the requests reach the central authorities within the time specified. It was also noted that while standing orders demand that all such requests carry the recommendation of a Sgan Aluf, hardly any of them did.

The Comptroller also found that special incentive grants which had been set aside to attract men and women into the standing army were not paid out in full, and that no attempt was made by those responsi-

ble to inform those signing up of their entitlement to these grants. This has now been corrected.

At one of the interim placement units checked — a unit where soldiers are posted before they are finally placed — there were 780 soldiers who had been kept hanging around for over a year, and were thus technically not utilized at all. Over 15 per cent of these men had been in the interim unit for more than four years and had done no reserve duty during the whole of that time.

CONDITIONS at one of the army prisons visited were found to be unsatisfactory. The prison in question is one where soldiers convicted of crimes carrying long sentences — over six months — are sent.

Despite regulations laid down by the Chief Military Physician, men are kept in overcrowded cells, containing between 24 and 48 beds. The windows are under regulation size and, as a result, there is not enough air or light in the cells. In many cells, the lights were not in working order.

The Comptroller is very disturbed by the fact that there is no adequate occupation for the men: he regards the combination of long sentences, inadequate living conditions and lack of occupation as "extremely serious."

He also notes that while regulations stipulate that the prison authorities must provide educational activities for the inmates, the jail had but one teacher (a second had left and had not been replaced) who could handle no more than 20 pupils at a time. This was particularly serious in view of the fact that a full 60 per cent of the prisoners had less than eight years of formal study.

THE ARMOUR SCHOOL comes in for attack in the report. The Comptroller writes that in 1976, the school spent IL500,000 on additional shooting positions at a range intended to train tank gunners. Four of the new positions were never used, however, because when completed, they were discovered to be unsafe.

Because of an electrical failure at the range between May, 1975 and February, 1976, the army was forced to spend an unnecessary IL1.35m. on using actual tanks for training purposes.

poses. The Comptroller feels that the fault could have been repaired more quickly.

While the drop-out rate for personnel at the school was officially predicted as around 10 per cent, the Comptroller found that it was between 30 and 40 per cent, and that no less than 50 per cent of those who fall complete the course were thrown out for reasons of discipline, many of them for absence without leave. He has been informed, however, that the drop-out rate dropped significantly in 1976. In addition to the bases already mentioned, the Comptroller also visited the Navy's building unit, for supply bases, the storage of munition, fuel and emergency rations were checked; and military schools where Hebrew is taught. Investigations during the year included the procedures for mortgages and grants to soldiers; the sorption of new equipment into the army; helicopter squad; army clinics, and military map-making.

One of the places visited was a unit where all the IDF's amphibious vehicles are stored and where the country's bridging capability is developed. The Comptroller was away from it worried about the manner in which equipment was being stored and maintained.

He found, for example, that amphibious vehicles were not maintained according to Ordnance regulations, and as a result his findings the NCO responsible was jailed for 35 days.

The situation repeated itself at a second facility visited by the Comptroller, and here the commander was reprimanded, while soldiers received sentences. Types of bridges used by the unit were found to be out of order due to lack of spare parts. These had been ordered and were supposed to have been delivered by August, 1976, but by January, 1977 they had not arrived and the two bridges still inoperable.

Stores at the unit were found very badly kept and there were serious shortages in certain classified as important. He also covered that nearly IL80,000 of stores supposed to be in the unit were missing with no plausible explanation forthcoming.

## Giving the Navy the business

IN FEBRUARY 1973 a certain Sgan-Aluf in the Navy, who happened to be in charge of the Naval Building Unit, left the service and started a private consulting engineering firm together with a partner. The Comptroller discovered that almost as soon as he left the Navy, the Sgan-Aluf, a qualified engineer, was awarded contracts for consulting to the same unit of which he had been the head. The fact that he was granted the contracts is not surprising since while he was still in uniform his unit had recommended for the job the consulting firm in which he was a partner.

All in all, in the three years after he left the Navy he was

awarded contracts for a total of IL471,000. His partner was awarded separate contracts to the tune of IL67,000 — money which went into the partnership the two had formed, of course. In addition, after he had left the Navy, the Sgan-Aluf continued to coordinate naval projects totalling IL5 million — projects he had set in motion while still in uniform.

For two-and-a-half years after leaving the IDF the officer worked from an office which the Navy made available to him at naval H.Q. including use of the phone, lights and all the rest, absolutely without charge.

## MINISTRY OF DEFENCE

## \$767,000 paid for unsuitable computer

THE COMPTROLLER found that the Ministry's policy with regard to the acquisition and utilisation of computers was unsoundly planned, inconsistent and, moreover, costly. Having leased a computer from a certain firm in 1968, and purchased from it, at a cost of some \$767,000 a second one, some of whose accessories had not yet been installed by the end of 1976, the Ministry changed computers in midstream. It decided to lease a more suitable computer from a different firm for a two-year period commencing February 1978. The original firm had also submitted a tender for the second computer, which was not accepted.

THE MINISTRY planned its 1976 budget badly where local expenditures in Israel currency were concerned. It transferred 1976 outlays to the 1975 budget. It also underestimated the funds required for its projects in 1976. On top of all this, the Treasury's forecast of price rises during 1976, on which it operated, was badly out of focus.

A very wide range of estimates was submitted during the year for the extra sums required to carry out all the projects planned. These were as low as IL1,500m., and as high as IL3,400m. By October 1976, the Ministry's current backlog of debts to suppliers amounted to some IL500m. Then top Treasury and Defence Ministry officials, basing themselves on a reduction in the scope of Ministry operations, secured an additional budget of IL1,450m. to tide the Ministry over.

The Comptroller criticized the fact that the Ministry was still writing out some 10,000 cheques to suppliers and contractors by hand every month. Although it decided in 1973 to go over to computerized cheques, the

necessary details were only worked out in December 1976, and by December 1976, the material had still not been fed to the computer. Adjustment of accounts with the Bank of Israel and the Post Office Bank is also still being done entirely by hand, despite the fact that those two banks are themselves computerized.

THE DEFENCE Ministry paid the oil companies some 28 per cent more for engine oil in 1976 than the commercial price warranted, because nobody bothered to check the oil companies' calculations. Some IL5.5m. was overpaid as a result, the Comptroller believes.

In 1975, after checking of calculations was introduced, the potential overpayments at the date of ordering would have been IL300,000 by comparison with the commercial price. In fact, the automatic price adjustment system led to an overpayment of IL500,000.

In 1976, the Comptroller found that although the price paid by the Defence Ministry for the actual engine oil was right, it was overpaying by some IL720,000 for oil supplied in drums, which might have been supplied in bulk.

THE PROCEDURES for releasing imported goods from the ports were found to be inefficient. In some cases, because the waybills were not sent out on time from abroad, the goods stayed in the ports for several months, and the Ministry paid wharfage accordingly. In a different type of case, it paid IL4.5m. in dues when the IDF refused to accept a shipment of trucks until alterations had been carried out in the port area. Most of this outlay could have been avoided by proper organization.

The fact that the Ministry received

BY ASHER WALLFISH

goods in containers addressed to different departments led to containers making the rounds and being progressively unloaded over periods as long as six months. As a result, the Ministry paid Zim lines IL3.5m. in container delay fees in 1976 alone.

The Comptroller sent his officials around Haifa and Ashdod ports in June 1976. They found crates addressed to the Defence Ministry and the IDF that had been lying unclaimed for months, some in the open, with the contents rusting away. The goods included engines, air conditioners, raw materials for Israel Aircraft Industries and the military industries, and many tons of spares and other equipment.

THE REPORT describes the case of a Ministry official employed on commercial operations who was permitted to moonlight as chairman of the board of a manufacturing company with a staff of hundreds of workers. He got permission to do so from the Ministry director-general, as well as the Civil Service Commission, on the grounds that he was receiving neither salary nor other benefits; that there were no commercial relations between the Ministry and the company; and that there was no conflict of interests between the man's job in the Ministry and his post in the company.

No documentation was found at the Ministry to show why the official wanted the job, who were the people he was intended to represent on the board, and what were their direct and indirect links with the Ministry. Eighteen months passed, and then

the official asked permission to accept fees for his work as chairman of the board. He submitted a declaration affirming that the company, its shareholders and two of its subsidiaries, had no ties with the Ministry. He undertook to inform the Ministry as to the fees he would be receiving, but no such information exists in the files of the Ministry or the Civil Service Commission. The latter had been unwilling to give approval to the acceptance of fees.

In January 1976, the company got into difficulties and an Official Receiver was appointed. At the same time, the State Comptroller informed the Defence Ministry that links had in fact been discovered between the department for which the official was responsible and shareholders in the company. In May 1976, the official resigned his chairmanship.

The Comptroller stressed in unusually outspoken terms that the Defence Ministry never bothered to ask the official why he withheld the information concerning the commercial connections, and said that the Ministry should not have been satisfied with a perfunctory check in the first place, when the official requested permission to do the moonlighting.

ESPECIALLY serious findings emerged with regard to the supply of stretchers. Between 1973 and 1976, the entire order was given to one single manufacturer, without a tender, on unsubstantiated evidence that nobody else wanted to make them. Ministry officials made a slovenly appraisal of the manufacturer's calculations, paying him such large advances than were justified, and being over-generous with their increments for price increases.

Finally, in March 1976, a genuine tender was issued, and a second manufacturer contracted to make the stretchers at a price 68 per cent lower than the first manufacturer had been getting a year earlier, and 68 per cent less than he was getting just a month earlier.

The bill paid to a contractor for building defences included an item of IL1.15m. for used railway lines, although they could not possibly have cost him more than IL822,000. Moreover, the contractor got a rebate on customs duty for rails which he in fact purchased locally. The account paid to a manufacturer of engines abroad allowed for an annual cost increase of 7 per cent in subsequent re-orders. The Ministry allowed the manufacturer to circumvent this. Although he raised the price of the engines as provided, he increased the price of the crating by 32 per cent.

CONSIDERABLE disorder was found in the section of the Ministry responsible for manufacturing clothing. Since 1974, cloth has been arriving in container ships, often without proper documentation. Five containers which arrived in 1976 were left in the port for six months before their contents were checked and registered. The delay cost the Ministry between \$1,000 and \$2,000 per container.

Some batches of drill cloth which arrived from the U.S. in cartons, were registered according to the quantity stamped on the cartons. It turned out that these often contained more than was marked.

Goods in the clothing manufacture store are recorded on two card indexes kept by hand, but the cards are not numbered, and there was no way of preventing them being switched until the Ministry began preparing a computerized catalogue.

The annual stocktakings were never on time and never complete. In 1976, for instance, when only 90 per cent of the cloth was counted in stocktaking, goods were being shipped in and out while the stocktaking went on, which only caused confusion. An excess of IL461,000 worth of some types of cloth was found, and a shortfall of IL452,000 on others, all due to faulty registration and imprecise definitions of types of cloth.

One of the curious things unearthed in a certain clothing store was 100 crates of raw material for manufacturing electric batteries, bought 20 years ago, and now totally unusable. A decision was taken in 1974 to shift the crates. They are still there.

The Ministry once bought 400,000 pieces of a certain surplus equipment at a cost of 50 cents U.S. each. Eventually, these were found to be superfluous and also unusable. Since 1974, part has been stored in the open and part in a rented store, for which IL36,600 was paid in 1975.

Until January 1977, stores staff had never done any fire-fighting drill, except for the watchmen. In any case, much of the necessary equipment was unusable.

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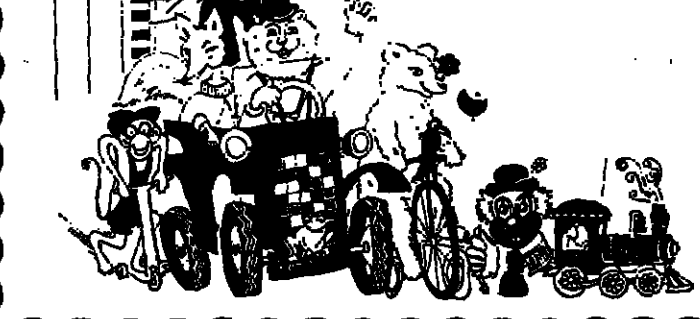
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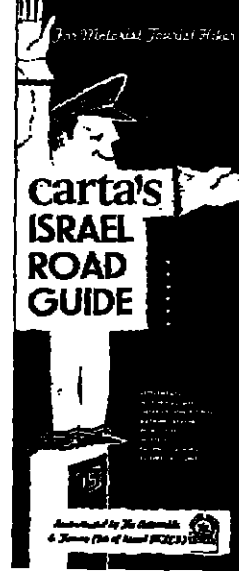
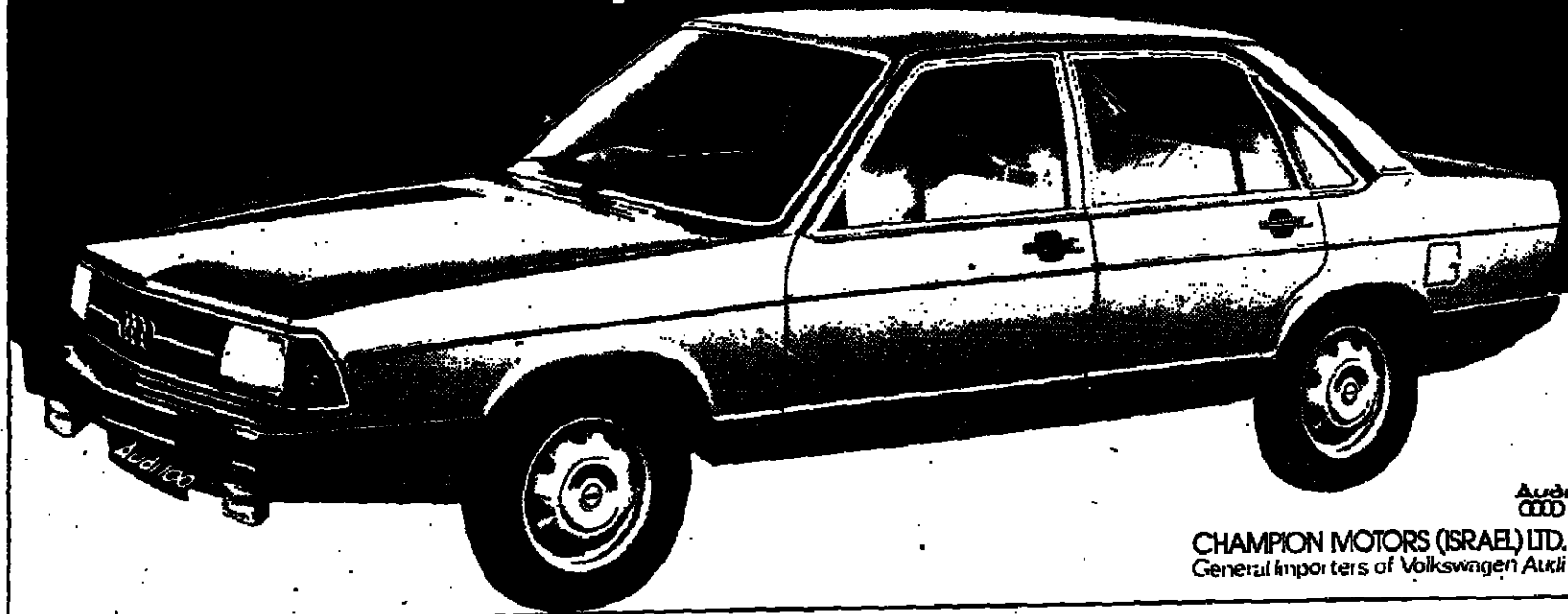
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# BUSINESS & FINANCE

## AVIV STOCKS

### Profit taking takes toll

TEL AVIV. — Profit-taking caught up with the equity segment of the market yesterday. Primary targets were oil and oil related shares and those issues that have recently run up sharply. At the same time there was evidence of a major change in investment trends as investment funds again began to focus on financial issues.

If any profit were needed one only need to look at the most active issues, which saw the Big Three banks dominate the trading and account for more than 10 per cent of the total turnover of some IL28m.

Discount "A" shares moved sharply ahead by 80 points to 685.5 after being "buyers only" in the opening round. Union Bank shares were finally slowed down but still managed to eke out a one-point gain to 441. Bank Leumi in very heavy trading added one and half to 298.5. Hapoalim was again a one-point winner at 315.

Among mortgage banks General Mortgage gained seven to 280 but Tefahot eased by two to 398. Agricultural Bank was "buyers only" and closed at 156 for a 14-point move on the session. The shares have attracted speculative interest.

By the time trading in insurance shares took place the profit-taking tendency began to be felt. Aryeh was clipped for a 35-point loss to 685. Haneh was 20 lower at 478, while Sahar was losing 40 to 928. Tnuv did not escape as it was "sellers only" in the opening round and was dropped to 595.

Israel Cold Storage ILA shares continued to move higher without any shares changing hands. They were "buyers only" and were upped to 170. The ILA shares were unchanged at 674. Israel Electric Corporation was set back by 35 points to 675. Lighterage was "sellers only" and its price was reduced accordingly to 470.

Land development and real estate issues were lower. The main exception was Israel Citrus Plantations, which rose 42.5 to 815. The company released a very favourable annual report with earnings of IL660,000. Citrus sales were reported to be sharply ahead. ILDC was 10 lower at 225 and Property and Building eased

by three to 327. Neot Aviv was 13 ahead at 347, Yispro was hard hit as it fell by 22 to 203. Rassco pref. was seven lower at 240.

Industrials were mixed. Elco IL2.5 again reached the 400 mark on a 20-point point. Dubek gained nine to 634. Electric Wire and Cables was dumped for a 25-point loss to 185. Paper Mills went the same route as it fell 17-points to 297. Elite was also a heavy loser on a 40-point drop to 433.

Investment companies, especially those that have recently risen sharply, were affected by profit-taking. Piryon, for one example, was more than 5 per cent lower at 680. At this point the shares found support. Clal Investments, another case in point, was a 25-point loser to 280. The loss represented a 9 per cent drop in value.

Jordan Exploration was 400 points lower at 3,650. The recent string of corporate announcements have left many investors in a quandary and they are apparently taking their profits at this stage.

The investment companies of the Big Three Banks were slightly lower. Export Investments was seven lower at 196. The loss took place in spite of the company's announcement of a 12 per cent cash dividend.

The Natad investment dollar, after its recent long rise, was 10 agorot lower at IL1.97. The new price was established after an offer in excess of \$400,000.

The index-linked bonds, in moderate trading, continued to trade with little change in prices. The General Index of Share Prices fell by 0.61 per cent to 130.77.

### Most active issues

Most Active Issues			
ILDB	154.4	IL1,912,000	
(Pref. "A")	154.4	IL1,375,100	
Bank Leumi	298.5+1.5	IL1,056,000	
Hapoalim	315+1	IL1,056,000	
Shares traded:		IL18.3m.	
Bonds:		IL18.3m.	
Natad:		IL1.97-10ag.	
Offer:		\$419,000	
Turnover:		\$251,000	

Solel Boneh 10% pref.	b	680	670
Property & Building	b	327	330
Israel	b	305	317
Mohadrin	r	615	603
L.C.P. Citrus	r	515	472.5
Neot Aviv	r	347	314
Pri Or Ltd.	r	580	580
Rassco - 5% pref.	r	240	247
Rassco	r	213	215

INDUSTRIAL			
Alliance - B	r	965	975
Elco - 2.5	b	500	480
Electra - 5	r	424.5	415
Argaman - 5%	b	360	367.5
Alta - C	r	195	185
Dubek	b	634	625
Elco Wire & Cable	b	195	220
Teva	r	900	920
Chem. & Phosphates	r	303	310
Lewin Epstein	r	235	225
Moller Middle	r	254	233
Moller Mills	r	297	215
Asels "B"	r	240	250
Nechustan 8% pref.	b	980	950
Elite	r	433	473
Shemen - 5% pref.	b	388	370
Frutarom	r	175	154
Frutarom New	r	170	175
Elron IL2	r	689	689.5

INVESTMENT COMPANIES			
Elgar	b	260	267
Elit	b	434	437
Israel Central Trade	r	312	312
Hapoalim	b	300	300
Paz	b	680	689
Wolfson - IL10	b	193	200
Ampa	r	253	263
Diamant	b	314	317
United Mizrahi	b	280	284.5
Bank Leumi	b	333	340.5
Piryon	r	680	720
Export Bank	r	196	203
Clal	r	280	305
Clal Industries	r	295	295

FUEL, OIL AND UTILITIES			
Naphta OTC	r	2150	2050
Lapidot OTC	r	2000	1964
Jordan Exploration	r	3500	4000
Jordan Warrants	r	3500	4000
Delek C	r	677	685
Israel Electric Corp.	r	675	710

Reported by the			
UNION BANK			
Of Israel Ltd.			
b-buyers; Registered			
B-buyers only; S-sellers only			

Hour before closing, April 26			
VAL STREET			
A Ltd.	18%	Fair Cam	28%
1 Motors	4%	Ford	54%
er. T & T	62%	Gen Dynam	80%
Rich	66%	Gen Foods	31%
to	14	Gen Motors	87%
on	45	Gen Tel	28%
J How	19%	Gen Tire	27%
St. St.	35	Gillette	27%
ing	46%	Grace	29%
at My	54%	Gulf Oil	13%
roughs	54%	Gulf Oil	28%
S Inc.	57%	Honywell	48%
anese	—	IBM	258%
ase Man	30%	Int Paper	87%
ryler	71%	Int. T & T	33
Cola	73%	John John	82%
Ed	22%	LTV	9%
own Zell	39%	Litton	13%
ula Wri	17	Lakehead	9%
Chem	35%	May	22
ent	61%	Modon-Doug	19%
KDK	51%	Merr Lynch	17%
		Minn MM	48

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UNION BANK			
Of Israel Ltd.			
b-buyers; Registered			
B-buyers only; S-sellers only			

Provided through the courtesy of the Foreign Securities Department of Bank Hapoalim, B.M., Tel Aviv. Tel. 251420.

FOREIGN CURRENCY  
Official Exchange Rates

Official Exchange Rates			
US\$	9.2549	9.2827	
Swiss	15.8823	15.9718	
DM	3.8890	3.8204	
French Fr.	1.8637	1.8720	
Dutch Fl.	3.7523	3.7710	
Swiss Fr.	3.6516	3.6729	
Canadian	8.8314	8.8756	
Australian	10.2002	10.2512	
Rand	10.6325	10.6856	

INTERBANK LONDON			
SPOT RATES:			
Dollar	1.7189/92	per £	
DM	2.3705/15	per \$	
Swiss Fr.	2.5240/50	per \$	
DM	585.60/00	per \$	
French Fr.	36.20/215	per \$	
Dutch Fl.	2.4635/50	per \$	
DM	278.35/50	per \$	
French Fr.	4.9600/10	per \$	
Swiss Fr.	5.9805/20	per \$	
Swiss Kr.	4.3517/27	per \$	
Norwegian Kr.	5.2850/60	per \$	
Gold price:	\$147.45/785		

FORWARD RATES:			
1 Mos.	3 Mos.	6 Mos.	
1.7187/171	1.7019/029	1.6907/048	
DM	2.3697/077	2.3507/072	
DM	2.3597/072	2.3407/067	

## Fighting charters and CAL

### El Al will be satisfied if it merely breaks even this year

BEN-GURION AIRPORT. — El Al's balance sheet for the 1976/77 fiscal year is expected to show that the company broke even after having had a small deficit last year, managing director Mordechai Ben-Ari told the press here Monday. He said that exact figures would only be available in a few weeks.

Ben-Ari added that most airlines were having financial problems, and if El Al managed to keep its head above water, that in itself was a success.

He attributed the "success" to a 30 per cent increase in passenger traffic and a 29 per cent rise of cargoes last year.

The estimated income of the company during 1976/77 is \$253m. This compares with \$190m. in 1975/76.

El Al's opposition to charter flights remains unchanged. Charters have not increased tourism, but have cut into the profits of our company, Ben-Ari said. The only place to which tourism increased in El Al, and that was due to the direct flights there, he said.

By YITZHAK OKED  
Jerusalem Post Reporter

El Al has been hardest hit in Germany because of Charter flights, and it now considers closing down its Munich line, Ben-Ari announced. However, he said, El Al planned to form its own charter subsidiary to make up part of the losses. The new company is expected to offer charter flights from the U.S. East Coast directly to Jerusalem and Eilat.

Ben-Ari also made the first pitch for next winter's air-freight business of Agrexco, the agricultural produce export company, by declaring that the formation of Cargo Air Lines (CAL) was a big mistake.

He said he would oppose any further expansion of CAL, contending that CAL was a "wasteful and unnecessary go-between." He also claimed that CAL had caused El Al to lose about \$2m. so far.

Ben-Ari claimed that CAL's average load factor on its home runs has been about 40 per cent since it began operations last November. The Jerusalem Post learned from

Agrexco sources that the company's board of directors had decided that one jumbo next season would be chartered through CAL, and that a tender would go out on chartering a second jumbo, with both El Al and CAL expected to bid.

Ben-Ari claimed that El Al was under-capitalized compared to other international airlines. He pointed out that the company's share capital is IL102m., and that he plans to demand that the government increase this capitalization to allow for the purchase of additional airplanes. El Al is owned by the government.

Two jumbo 747 jets are now being bought. One is a second-hand cargo plane which will go into operation in June. The second one will be delivered next year.

The company also plans to acquire two more 747's in the early 1980s. Ben-Ari said there had been a great improvement in the company's labour relations in 1976 over 1975. He conceded that there were a number of smoldering labour disputes which could erupt into a strike.

## Bigger planes on Lufthansa T.A. run

By SASSON JACOBY  
Jerusalem Post Correspondent

CONCRETE indication of its flourishing service to Israel when the West German airline last week introduced the Boeing-707 on the route.

Hitherto, Lufthansa used the smaller Boeing-727, but it was decided to place seven 707 flights over the next two months. It is planned to increase this to 10 next year. Lufthansa officials noted.

It was explained that while the 707 carries only 20 more passengers than the 727 which can take 140, the advantage gained with the bigger plane is that it can take a five-ton freight load.

A spokesman said this brings a

higher profitability factor into the picture. Lufthansa, it was added, cannot, of course, compete with the cheaper rates of Israel's Cal freight line, but it only deals with "more selective" items which are more profitable.

In any case, Lufthansa points out that it carries the bulk of the German tourist trade to Israel. The airline in 1976 brought 58,200 of the 63,500 German tourists arriving in Israel. That was 20 per cent over 1975's figure and the present year's rate is also increasing.

A Lufthansa spokesman noted that the company's inter-European lines are the most profitable, but the Tel Aviv run nevertheless gives it much cause for financial satisfaction.

## After 25 years Haifa port finally gets its new passenger terminal

Jerusalem Post Reporter  
HAIFA. — The construction of a new passenger terminal for Haifa port, delayed for various reasons for over 25 years, has finally started.

It is expected that the IL5m. terminal will be completed within 15 months, in time for next year's tourist season.

Meanwhile the volume of tourists coming by sea, mainly in cruise ships for visits of up to three days is steadily increasing. For this month 25 ships bringing some 12,000 tourists were registered. In May, 27 ships are expected with over 15,000 tourists.

## Shipping strike delays Tiberias hotel opening

By DAVID LENNON  
Jerusalem Post Reporter

TEL AVIV. — The opening of the Tiberias Plaza, the second hotel managed in Israel by Canadian Pacific Hotels, has been postponed for a few weeks because of the shipping strike.

Equipment destined for the hotel arrived here by ship in the past couple of weeks, but because of the port problems, it had to be unloaded at other Mediterranean ports.

Elihan Shafir, area director for CP Hotels in Israel, told The Post that he hopes with the end of the strike the equipment can be brought here, and installed in a matter of weeks.

CP Hotels also manage the Jerusalem Plaza, which has over 400 rooms. Shafir reports that it has enjoyed occupancy of over 70 per cent last year, and should do even better this year.

The CP Hotel at Manashiya, Tel Aviv, in which the Canadian company invested over \$3m. is still frozen in the building stage because of a government halt on construction.

However, Shafir said that the company intends to continue with its plan to open the Tel Aviv hotel, and hinted that the company is also seeking other hotels projects in Israel.

## UK scheme to boost Israel imports

A new twist in economic aid to Israel — "Consumer Discount Zionism" — is the aim of a London organization, IPCA — Israel Products Consumers Association.

Affiliated with the British Zionist Federation, IPCA promotes the sale of Israel products in the United Kingdom by arranging for local merchants and importers to sell Israeli merchandise at discounts of up to 25 per cent. The reductions are given if the customer shows his IPCA membership card, issued upon

payment of a £1 annual membership fee.

IPCA executive director Shalmy Mason said "a few thousand" families have already signed up as members. Three mailing kits a year are sent to IPCA members, and they contain information on dozens of Israeli products, where they can be purchased, and the discount offered.

In addition, IPCA has already lined up a number of business and service establishments in Israel where IPCA members, during a visit here, can enjoy discount buying.

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**NAVEH Construction Co. Ltd.**  
A subsidiary of Property and Building Corp. Ltd.

## Higher export incentives mooted

Jerusalem Post Reporter  
Increasing export incentives by five agora per dollar is one of the measures the Special Committee on Export Recommendations.

Other measures that are expected to be approved include: Reducing the interest on loans granted to exporters in foreign currency by linking it to the current Eurodollar rate. The interest will thus fluctuate between 4 and 6 per cent. At present the rate is fixed at 6 per cent. Allowing exporters to make their estimates in the currency of the country to which goods are exported.

Estimates now are made in dollars. The exporters receive credit in Israeli pounds according to these estimates. If they draw more credit than the actual value of the export, they are fined. It sometimes happens that because of changes in international currencies the actual costs of exports are below the dollar estimate but in line with estimates made in, say, pounds Sterling. Thus an exporter may find himself fined when Sterling is devalued vis-a-vis the dollar. The new arrangement will eliminate this inequity.

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## Bank Leumi בנק לאומי

LE-ISRAEL B.M. ישראלי בנק

	Unit Price	Redemption Price
ZAMID	346.04	338.18
GAVISH	322.82	314.95
BDOLACH	347.39	338.94
SHAMIR	294.92	288.01
PIA	129.89	126.74
YAHALOM	122.65	119.64
TOPAZ	158.24	154.07
TARSHISH	146.33	142.89



